

## **BEGROTINGREDE VIR 2011 / 2012**

Dames en Here, die mense van Hessequa, Gemeenskapsleiers van Hessequa, ons gaste van oor die Eden Distriks Munisipale Gebied, ons leierskap van die ANC teenwoordig, ons spesiale gaste wie vanaand oor Eden FM Radiostasie inluister na ons begrotingsrede.

Baie dankie vir die geleentheid om hierdie finale begrotingsrede van ons huidige termyn as raadslede aan u voor te hou. Hierdie begroting was vanoggend eenparig aanvaar deur al die raadslede in die raad. Dit is belangrik en goed dat ons begroting saamgelees word met die GOP (Geïntegreerde Ontwikkelingsplan) en alle ander toepaslike wette en regulasies.

Die begroting allokasies vir 2011/2012 het weereens 'n sterk fokus op dienslewering en die infrastruktuur om ons strategiese doelwitte te bereik, veral ons paaie. 'n Groter fokus word ook geplaas om hulpverlening aan ons armste gedeeltes van ons totale Hessequa gemeenskap met spesifieke verwysing na ons Deernishulp.

Strategies is ons grootste uitdaging nog steeds om die agterstande van die verlede uit te wis, om aan 'n nuwe volhoubare omgewing te bou vir almal, vry van armoede, misdaad, rassisme, ens. Ons gaan oor die volgende vyf jaar veral fokus op die volgende groeperinge in ons gemeenskappe naamlik,

1. Ons Senior Burgers en Gestremdes
2. Ons Vroue
3. Ons Jeug

Ons gaan veral die klem laat val op gemeenskapsgedrewe programme in alle gemeenskappe met 'n sterk fokus op hierdie drie groeperinge. Wat sal beteken dat in alles wat ons gaan doen en aanpak, die vraag gevra sal word of die uitkomst 'n positiewe impak gaan maak op al drie hierdie groeperinge al dan nie. Ons sal ook van veral ons jeug verwag om gedurig kritiese evaluering te doen of daar aan hierdie doelstelling voldoen word. Ons as leiers sal weer van ons jeug verwag om ware leierskap te toon en soos die lede en die ANC jeugliga in Riversdal "NEE" te sê vir dwelms en drankmisbruik. Hulle moue op te rol soos hierdie jongmense begin doen het op Saterdag 14 April 2011 toe hulle self besluit om saam met my die gebied agter Aloeridge te begin "skoonmaak" van skuilplekke vir dwelmshandelaars en dwelmgebruikers saam met lede van die polisie onder leiding, veral Sersante George en Busch. Julle stel inderdaad 'n voorbeeld vir ons jongmense en toon ware leierskap aan ons gemeenskappe. Ek hoop dat hierdie inisiatief 'n daaglikse instelling sal raak onder al ons jongmense.

Ek sal dan graag eers wil stil staan by die volgende rakende die aanloop tot hierdie finale begroting.

1. Die Konsep Begroting was gebaseer op u insette as inwoners van Hessequa voor die sluitingsdatum vir insette verlede jaar 21 November. Dit was daardie insette wat ons gelei het en rigting gegee het om die Konsep Begroting op te stel. Dit is ironies dat nadat ons die insette van die inwoners van Hessequa gebruik het hoe negatief sommige individue daaroor was. En ek wil veral individue uitsonder soos Neels Coetzee, Daan Toerien, Riaan „Smiley“ Cronje, en andere wie altyd al te lekker aanvalle met hul briewe deur die plaaslike koerant op ons loods en veral op Me Viljoen, ons Finansiële Bestuurder. Dit is baie interessant hoe hierdie ... bejaarde blanke mans daar van Stilbaai en omgewing net eenvoudig nie kan aanvaar dat ,n vrou ook die werk van ,n man kan doen nie, en dit selfs beter kan doen as hulle nie. Aan die here moet ons noem dat ons bly sedert 1994 in ,n nuwe Suid-Afrika waar vroue dieselfde regte het as mans, so hou asseblief op met hierdie aanvalle in die koerant op haar want dit lyk of julle vasgehaak het onder Apartheid waar julle soort mans alleen alles gedoen het en die vrou slegs goed was in die huis.
2. Die insette ontvang na die voorlegging van ons Konsep Begroting aan die publiek tydens ons Maart 2011 Imbizo's het goed afgeloop met slegs die bekende negatiewe persone wat seker nooit tevrede gestel sal kan word nie.
3. Baie dankie aan die positiewe insette ontvang vanuit regoor die hele Hessequa en veral uit Slangrivier, Melkhoutfontein, Heidelberg, Riversdal en Albertinia. Baie dankie vir die baie dankies en waardering gegee deur die inwoners wie positief geraak was deur ons raad se volgehoue positiewe dienslewering aan ons gemeenskappe.
4. Dit was baie interessant verlede Maandag toe die Premier van die Wes Kaap, Me Helen Zille Heidelberg kom besoek het en daar 'n klomp verdraaide onwaarhede aan haar gehoor oorgedra het in haar toespraak. Sy vergelyk ons met volgens haar die “suksevolle DA beheerde Mosselbaai munisipaliteit!!! lewers moes haar adviseurs haar verkeerd ingelig het want wat sy daar kwyd geraak het is ver van die waarheid. Sy noem en ek sal elke Woensdagmiddag binne die volgende twee weke oor Eden FM tussen 5nm tot 6nm haar die hele toespraak aan u voorhou met al die onwaarhede daarin en dan aan u uitwys hoe dat hierdie party se leier vir ons mense prober om die bos lei. Ek nooi u vriendelik uit om in te skakel vir daardie tydsgleuf op Eden FM. Sy noem haar gewraakte toespraak **“A tale of two towns”**

## KAPITAAL BEGROTING

Ons begroot vir ons kapitaalebegroting 'n bedrag van **R68,122 miljoen** vir 2011 / 2012 en sal dit soos volg befonds word:

- Kapitaalvervangingsreserwe R26 689 700

• Eksterne Lening	R25 000 000
• Skenkings/Subsidies en Ander	R16 431 800

Per wyk is die allokasies dan soos volg:

Wyk 1	R5 920 000
Wyk 2	R7 747 893
Wyk 3	R6 620 100
Wyk 4	R10 636 000
Wyk 5	R3 331 000
Wyk 6	R1 700 000
Wyk 7	R1 050 000
Wyk 8	R5 721 007
Wyk 1,3	R4 440 000
Wyk 4,5	R5 270 000
Wyk 6,7,8	R9 575 000
Hessequa	R5 371 000
<b>TOTAAL</b>	<b>R68 121 500</b>

Die Kapitaal begroting is weer gebaseer op die insette van elke wyk. Ons het probeer om elke inset te prioritiseer volgens die nood en finansiële implikasie op die begroting. Meeste van dit fokus op die volhoubaarheid van ons infrastruktuur en die skepping van werk. Ons opregte dank aan die Nasionale Regering, die Provinsiale Regering en Eden Distriks Munisipaliteit vir hulle ondersteuning aan ons mense.

Ons sal probeer om al ons projekte te voltooi, veral die kapitaal projekte, binne die eerste 10 maande van die nuwe finansiële jaar. Hierdie werk sal gemoniteer word met ons SDBIP.

## **BEDRYFSBEGROTING**

Die bedryfsbegroting was goedgekeur vir Uitgawes van R260 415 614 en Inkomste van R282 843 016 vir die 2011/2012 finansiële jaar.

Ons tariewe is gebaseer op die weergawe van dienste wat vergelyk word oor die hele munisipale area. Ons gaan vanaf 1 Julie 2011 ,n gelyke tarief in stel vir alle inwoners van Hessequa vir hul gebruik van water. Tans betaal Heidelberg, slangrivier en Witsand se

inwoners baie meer vir water. Vir die eerste keer gaan die inwoners van Heidelberg, Slangrivier en Witsand dus dieselfde betaal vir water soos enige ander inwoner van Hessequa!!

Die volgende tariefverhogings vir 2010/2011 word goedgekeur.

#### **EIENDOMSBELASTING**

❖ Residensieel	9%
❖ Landbou	9%
❖ Besighede	9%
❖ Staat	9%

<b>WATER</b>	7.5%
<b>ELEKTRISITEIT</b>	20.38%
<b>VULLIS</b>	7.5%
<b>RIOOL</b>	7.5%
<b>DIVERSE TARIEWE</b>	10.0%

Daar is weer voorsiening gemaak vir Twee (2) nuwe poste om te help met 'n beter dienslewering vir 2010/2011 finansiële jaar met 'n totale waarde van R291 110

#### **Deernishulp**

Die Raad voorsien hulp aan die armes in ons gemeenskap deur ons Deernis program. Die raad het ook in sy beleid 'n aanpassing gemaak om sodoende in die toekoms alle deernisgevalle se grafte gratis te maak. Hierdie aanpassing aan die beleid gaan ons ook toepas op kerke en skole wie bewyse kan lewer dat hul gemeentelide en leerders se ouers deernishulp van die munisipaliteit ontvang.

Slegs mense wat kwalifiseer sal voordeel trek uit hierdie hulp en ons wil asseblief vra dat ons mense jaarliks aansoek moet doen vir hierdie hulp in die volgende kategorieë.

#### **Kategorie A**

Huishoudings met 'n inkomste van R3 000 p.m. ontvang die volgende hulp:

- ❖ 100% afslag op Belasting, Riool, Vullis en Water
- ❖ 50 eenhede gratis krag
- ❖ 6kl gratis water

## Kategorie B

Huishoudings met 'n inkomste van tussen R3 001 p.m. tot R3 500 p.m. ontvang die volgende hulp:

- ❖ 50% afslag op Belasting, Riool, Vullis en Water
- ❖ 50 eenhede gratis krag
- ❖ 6kl gratis water

Outehuise sal ook kwalifiseer vir hulp in die vorm van R120 per inwoner p.m. wie kwalifiseer vir deernishulp.

Die volgende kortings op eiendomsbelasting was ook goedgekeur vir ons gepensioeneerde inwoners

- Inkomste R0 – R2 500p.m. 25%
- Inkomste R2 501 – R8 000p.m. 15%
  
- ❖ Addisioneel tot bogenoemde twee kortings op die verminderde balans van hul eiendomsbelasting volgens hul ouderdomme:
  - 61 jaar tot 75 jaar 25%
  - 75 jaar tot 85 jaar 35%
  - 85 jaar en ouer 40%

Ons gaan ook :

- 'n afslag gee van 10% aan privaat ontwikkelings waar dienste en paaie self onderhou word ;
- 'n afslag gee van 10% vir landelike eiendom wat vir boerdery doeleindes gebruik word maar eienaar moet self aansoek doen daarvoor om te kan kwalifiseer
- en laastens 10% afslag gee aan alle landelike eiendom naamlik residensieel, besigheid en ander.

Die Raad gaan en sal probeer om hul begrote inkomste te realiseer deur die implementering van meer strenger en beter kredietbeheer metodes.

Die Raad het ook R4 354 000 begroot vir Spesiale Projekte waarvan sommige soos volg is:

Hessequa Plaaslike LED & Toerisme Organisasie –	R 600 000
Hessequa Sosio-Maatskaplike Projekte –	R1 426 000
Hessequa Skoonmaakprojekte –	R1 030 000
Hessequa Omgewingsbeskerming –	R 500 000

Dit is belangrik om te noem dat ons nooit almal tevrede kan stel nie. Daar sal individue en organisasies wees wat teleurgesteld is. Al wat ons kan doen is om nederig om vergifnis te vra en vir geduld.

Deel van die Spesiale Projekte is die aansoeke om befondsing vanuit ons gemeenskappe.

Van ons kerke was daar 18 aansoeke om befondsing. Hierdie finansiële jaar kon ons aan die Congregational Kerk in Heidelberg befondsing gegee het om hul historiese kerkie in Heidelberg te begin restoureer. In die nuwe begroting gaan ons vir die Volkskerk in Riversdal befonds met R55 000 vir die restourasie aan hul kerk. Bo en behalwe die Volkskerk gaan ons ook na die ander 17 kerke wie aansoek gedoen het om befondsing fondse bewillig vir hul werk veral onder ons jeug in ons gemeenskappe.

Op kulturele gebied gaan ons elkeen van ons vier Kersfeeskore in Hessequa naamlik:

1. New Born Stars van Slangrivier
2. Young Royal Sheperds van Heidelberg
3. Royal Sheperds van Slangrivier en
4. Royal Crusaders van Riversdal

Befonds met ,n R10 000 elk, veral vir hul goeie konstruktiewe werk wat hulle doen onder ons jeugdiges.

Dertien kleuterskole was suksesvol met hul aansoeke om befondsing en sal hulle ook befonds word met R6 000 elk. Spesiale befondsing van R16 000 sal ook gaan aan die skool in Vermaaklikheid vir hul werk onder die gemeenskap daar.

Sewe sopkombuise sal befonds word wie aansoek gedoen vir befondsing waaronder ook die Albertinia Hoërskool vir hul sopkombuis vir hul leerders.

Onder die Hessequa Plaaslike LED & Toerisme was daar in totaal 60 aansoeke om befondsing vir die R20 000 projekte waarvan 16 suksesvol was.

Ons gaan steeds kwartaalliks met ons mense in al agt wyke praat deur Imbizo's. Onthou om dit by te woon sodat u stem gehoor kan word.

Verder wil ek vanaand tyd saam met u deurbring en reflekteer oor wat ons die afgelope vyf jaar as ANC regerende munisipale raad vir ons mense in Hessequa kon doen.

- Verander die munisipaliteit se naam na Hessequa wat selfs deur die wat daarteen was nou ywerig gebruik word
- Hessequa Munisipaliteit was die enigste munisipaliteit wat met weeklikse radiouitsendings begin het om met ons mense te praat
- Ons het 'n stelsel van Imbizos, 4 keer per jaar in elke wyk in plek gestel
- Ons is een van 4 Munisipaliteite wat in samewerking met SALGA 'n ooreenkoms met P3 het oor Tariewebeleid-ontwikkeling en LED beleid ontwikkeling met hulp van die Sweedse regering
- Ons het ons Munisipale Kode voltooi en al ons verordeninge hersien, afgekondig en ons boetelyste is goedgekeur
- Deernishulp verhoog het vanaf 'n paar honderd rand tot huidiglik R3 500 soos in hierdie begroting
- In totaal was daar 1616 HOP huise gebou in Hessequa
- Honderde watertenke was versprei aan huishoudings in oorwegend die Hessequa Landelike gebied
- Groot werke aan ons paaie en ander projekte was gedoen veral aan ons strate, stormwater, parke en oorde
  - Opgradering van Barnstraat, Riversdal en Eksteenstraat in Heidelberg
  - Die konstruksie van die De Mist Swembad Amphiteater en voetgangerpaadjies
  - Herseel en plavei van strate en sypaadjies in Albertinia, Riversdal, Heidelberg en Slangrivier en groter Hessequa
  - Konstruksie van Store by Verkeer in Riversdal
- Ons biblioteke was verbeter en aangepas om meer van ons inwoners te bereik:
  - a. In 2004 die aanbouing en ingebruikneming van nuwe leesarea (waar gebruikers koerante en tydskrifte kan sit en lees) by Riversdal Biblioteek
  - b. In Oktober 2005 die inwyding van Slangrivier se nuwe biblioteekgebou en gemeenskapsaal.
  - c. In 2006 die uitbreiding van Riversdal Biblioteek – Klein Saal word omskep in 'n groot naslaanafdeling.
  - d. In Augustus 2006 Melkhoutfontein Biblioteek is vergroot en ure en dienste is uitgebrei.
  - e. In Desember 2008 Gouritsmond kry nuwe biblioteekgebou. Diens in nuwe biblioteekgebou begin Des 2008.
  - f. In Februarie 2009 twee Wheelie Wagons by Vermaaklikheid en Vondeling Primêre Skool gevestig en ingewy asook twee Wheelie Wagons te Klipfontein en Brakfontein Primêre Skole.
  - g. Duivenhoks Biblioteek word vergroot om as 'n eenstop biblioteekdiens vir Heidelberg se inwoners te dien.
  - h. Protea en Slangrivier Biblioteke kry rekenaars vir gebruik deur publiek.

- Die daarstelling van 'n munisipale kantoor in Melkhoutfontein want nou hoef Melkhoutfontein se mense nie meer na Stilbaai reis om hul munisipale sake te gaan doen nie.
- In totaal honderde tydelike werksgeleenthede was geskep deur verskillende programme deur die munisipaliteit
- Unieke nuwe besighede was gevestig in Hessequa wat nuwe werksgeleenthede verteenwoordig byvoorbeeld die vergrote Hessequa Abattoir, die Plant laboratorium en die nuwe melkery en kaasfabriek.
- Befonds honderde klein besighede / entrepreneurs dmv R20 000 projekte
- Befonds jaarliks skole / leerders / kleuterskole met unike toekennings en beurse
- Befonds sport organisasies / sportmanne / sportvroue
- Die impak van die ekonomiese krisis in ons area was nie veel negatief ervaar hier in Hessequa soos in ander munisipaliteite nie
- Ons kon ook saam met die Departement van Gesondheid die Huis Nuutbegin in Melkhoutfontein omskakel in 'n toekomstige kliniek wat binne kort ge-open sal word.
- 1ste Hessequa Cup Internasionale Amateur Toernooi wat aangebied was gedurende die eerste week van Julie 2010 met 65 spanne wat deel geneem daaraan waaronder buitelandse spanne vanuit
  - Hongarye en
  - Namibie
- Die 2de Internasionale Hessequa Jeug Sokker Toernooi vind vanaf 2 tot 8 Januarie 2012 weereens plaas in Hessequa met internasionale spanne wie reeds ingeskryf van:
  - Noorweë,
  - Hongarye,
  - Oekraïne,
  - Pole
  - Namibie
  - Swaziland en
  - Botswana
- Museum of Ukrainian Culture by die Ha!Qua Jeugsentrum in Morestond, Riversdal wat ge-open was deur die ambassadeur van Oekraïne, Dr Valery Hrebeniuk, is die eerste groot stap om toerisme na ons agtergeblewe gemeenskappe te bring en te vestig.
- Toerisme en Plaaslike Ekonomiese Ontwikkeling gaan nou gedryf word met 'n gefokusde plan. 'n Toerisme kantoor is oopgemaak in elke dorp, selfs Slangrivier en ander kleiner gemeenskappe vind ook hierby baat. Hierdie kantore word beman deur ons eie mense uit Hessequa saam met 14 LED leerders wat tans opgelei word via Eden Distriksmunisipaliteit.
- Ons munisipaliteit het heelwat vererings ontvang die afgelope jare onder die huidige ANC beheerde raad. Laat ons stilstaan by 'n paar soos byvoorbeeld:



- a. Spesiale Vuna Toekenning vir gemeenskapdeelname nadat ons jaarliks elke kwartaal met elke gemeenskap binne Hessequa gaan praat en luister aan hul behoeftes en insette.
- b. Van ons personeellede soos byvoorbeeld Mnr Willie Prins het 'n toekenning van uitnemendheid ontvang vanaf die Water Instituut van SA vir sy uitstekende diens gelewer by ons rioolwerke. So is daar tientalle ander werkers in ons munisipaliteit op wie ons baie trots is vir die manier hoe hulle ons help om dienste te lewer aan ons gemeenskappe.
- c. Die CAPE toekenning vir omgewingsbewaring asook 'n Cape Nature toekenning vir omgewingsbewaring en 'n spesiale toekenning deur die President van Hongarye was gemaak aan myself
- d. Hessequa Munisipaliteit se gesonde finansiële beheer het daartoe gelei dat ons twee agtereenvolgende jare ongekwalfiseerde oudit verslae gekry het.
- e. Hessequa Munisipaliteit word die eerste munisipaliteit wat via die Nasionale Regering 'n sonkrag program uitrol in Kwanokathula waar sonkrag warmwater toestelle deur plaaslike jongmense geïnstalleer was, en binnekort na die res van Hessequa. Hierdie projek sal uitgerol word amptelik in Hessequa om 15h00 op 28 April 2011 vir die eerste 60 begunstigdes regoor Hessequa.
- f. Hessequa Munisipaliteit word die eerste munisipaliteit wie 'n Anti-Korrupsie Beleid implementeer en laat vrugte afwerk.
- g. Hessequa Munisipaliteit het verlede jaar Groen Vlag Akkreditasie gekry vir staproetes in Stilbaai
- h. 'n Toekenning ontvang vir die uitwissing van die emmerstelsel in Hessequa voor die amptelike teikendatum.
- i. Ontvang jaarliks Blou Vlag status toekennings vanaf 2005 tot op hede vir ons strande. Huidiglik vir Lappiesbaai en Witsand en hopenlik volgende jaar vir preekstoel en Gouritsmond ook.
- j. Daar was stabiliteit binne in ons raad hierdie afgelope vyf jaar en nie soos in ander munisipaliteite waar burgemeesters en rade weekliks en maandeliks verander het nie

Wil u dan nou glo dat daar nog steeds 'n paar verdwaalde siele wie sê hierdie ANC raadslede kon nie die munisipaliteit bestuur nie of dienste lewer nie!

Ons sal saam stem dat daar baie bekommernisse en uitdagings is MAAR daar is ook baie positiewes. Daar is nie altyd maklike antwoorde of oplossings nie. Alhoewel ons van tevore moeilike tye gehad het, het ons dit hanteer en goeie jare sal altyd by ons bly en weer kom mits ons positief bly en gedurig op ons knieë vra vir ons Hemelse Vader se wonderlike genade. Meer te glimlag, almal te groet met 'n glimlag en goedheid vind in ander mense.

Baie dankie vir die wykskomiteelede en wyksbeampes van al agt wyke, sowel as die verskillende gemeenskappe, vir hulle insette in die begroting.

Spesiale dank aan die Munisipale Bestuurder, Mnr. Johan Jacobs, Hoof van Finansies, Me. Lien Viljoen, Hoofde van Departemente, Mnr Ettiene Steyn, Mnr Reggie Wesso, Mnr Hendrik Visser, Mnr Chris Onrust, Me Marina Vermeulen en Mnr Bevan Elman, asook alle amptenare wat betrokke was met die samestelling van die begroting, veral Mnr Ferdie Bergh, Mnr Trevor Maddison, Mr Louw Saayman, Me Betsie Smit, Me Babalwa Magqaza, Me Zanette Bothma, en ander in die finansies departement. Dankie vir ons oudit komitee onderleiding van ons voorsitter, Prof Dockel en interne ouditeur, Mnr Jan Oosthuizen. Dankie ook aan mnre Louw de Villiers en Stefan Block wie ons GOP proses dryf en wie vir ons 'n besondere dokument saamgestel het.

Baie dankie aan die Onder Burgemeester, Raadslid Lorna Scott, die Portefeulje Voorsitters, Raadslid Freddie Hartnick en Raadslid Nontobeko Stride wie saam met my die Uitvoerende Burgemeesterskomitee vorm.

Baie dankie aan die Speaker van die Raad, Raadslid AK Daries, vir sy leiding en kalmte. Spesiale dankie aan al ons raadslede omdat u altyd probeer het om ons gemeenskappe eerste te stel. 'n Spesiale woord van dank ook aan Raadslid Kerneels Swanepoel vir sy onbaatsugtige diens aan die Hessequa gemeenskap die afgelope vyf jaar en veral die goeie insette, kritiese opbouende kommentaar en gesonde samewerking met die ANC binne hierdie raad.

'n Spesiale dank aan die span daar in my kantoor, Me. Liezl Ada, Juy-Ann Fielies, Mnr Bevan Jacobs en my wyksbeampte, Mnr Clive Merkeur vir hulle lojale ondersteuning, toewyding en uitstekende werk.

'n Ekstra spesiale dank aan my vrou, Rachel, my moeder, my familie en my kinders vir jul ondersteuning en geduld met my. Dankie vir jul ondersteuning en dat julle bly glo het in my veral in hierdie moeilike jaar wat verby is.

Ons ook wil dankie sê vir al ons mense van Hessequa wat oor Eden FM op die oomblik luister na hierdie rede asook almal wat vanaand hier teenwoordig is. Ek wil al ons mense salueer in vanaf Bietoville, Gouritsmond, Melkhoutfontein, Stilbaai, Jongensfontein, Vermaaklikheid, Witsand, Vondeling, Diptka, Karringmelkrivier, Voorstekop, Slangrivier, Heidelberg, Albertinia, Garcia, Oakdale, Vetterivier, Brandrivier, Kruisrivier, Palmietrivier, Kwanokathula en Riversdal

regdeur die hele Hessequa en vir ons mense vra om hierdie ANC beheerde raad weereens op 18 Mei die mandaat gee deur u kruisies op die stembriewe om voort te kan gaan met die goeie werk wat ons begin het in Hessequa. Saam kan ons 'n verskil maak aan ons gemeenskappe!!!

Laastens alle prys en alle lof aan ons Hemelse Vader vir die wysheid, leiding en krag om elke dag positief aan te kon gaan met ons werk om ons gemeenskappe en mense te dien.

Kom ons almal in Hessequa sluit dan nou ons oë en sluit vanaand af met die volgende gebed:

**Vader van Vrede en Genade,**

**Verhinder u tog ons, die mense van Hessequa, om mekaar verder te vernietig veral in hierdie laaste paar dae voor die verkiesing;**

**Laat ons mekaar se hande vat om saam te veg teen ons gemeenskaplike vyande van sonde, onkunde, siekte, misdaad, geweld, dwelms en armoede .**

**Lei ons tog terug van die weë van die dood maar na dié lewe en lig; weg van vernietiging en verraad,**

**Terug na die opbou van'n Hessequa waarin ons vrede en geregtigheid, vryheid en vreugde sal ken.**

**Beëindig u tog hierdie donkerte, sodat 'n nuwe môre van genade kan aanbreek.**

**Amen**

Ek dank u

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

chris taute

Uitvoerende Burgemeester

19 April 2011

# **HESSEQUA MUNISIPALITEIT**



# **NOTULE**

## **RAADSVERGADERING**

**DINSDAG 19 APRIL 2011  
OM 11:00**

## 1. OPENING EN VERWELKOMING

Die Speaker heet Raadslede, amptenare en gaste welkom by die vergadering. 'n Spesiale woord van verwelkoming word gerig aan Rdl. Maria Fielies van Eden Distriksmunisipaliteit. Past. C Crafford open met skriflesing en gebed en die Speaker bedank hom vir sy inspirerende boodskappe die afgelope 5 jaar.

## 2. KONSTITUERING / AANSOEKE OM VERLOF

### 2.1 Teenwoordig

Lede	Amptenare
Rdl. AK Daries	Mnr J Jacobs
Rdl C Taute	Mnr B Ellman
Rdl L Scott	Me M Vermeulen
Rdl R Stride	Mnr C Onrust
Rdl F Hartnick	Mnr H Visser
Rdl L Pieterse	Me. L. Viljoen
Rdl L February	Mnr R Wesso
Rdl L Manho	Mnr E Steyn
Rdl. N. Esau	Mnr L de Villiers
Rdl A Hartnick	Mnr F Bergh
Rdl MJ Streicher	Mnr L Saayman
Rdl C Swanepoel	Mnr. S. Block
Rdl. J. Bouwer	Me M Adams

### 2.2 Verskoning/Verlof

Rdl E Nel

Rdl C Swanepoel – 28 April 2011

## 3. MEDEDELINGS DEUR DIE SPEAKER

Die Speaker bedank Mnr. J Jacobs en personeel vir hul goeie werk die afgelope vyf jaar asook alle raadslede. Hy bedank die gemeenskap wat hul voortdurend ondersteun het.

## 4. GOEDKEURING VAN NOTULES

4.1 Dat die Notule van 'n Raadsvergadering gehou op 22 Februarie 2011 goedgekeur word

Voorsteller: Rdl. N Esau

Sekondant: Rdl N Stride

4.2 Dat die Notule van 'n spesiale Raadsvergadering gehou op 28 Februarie 2011 goedgekeur word

Voorsteller: Rdl C. Swanepoel

Sekondant: Rdl. N Stride

4.3 Dat die Notule van 'n spesiale Raadsvergadering gehou op 15 Maart 2011 goedgekeur word

Voorsteller: Rdl. F Hartnick

Sekondant: Rdl. J Bouwer

- 4.4 Dat die Notule van 'n spesiale Raadsvergadering gehou op 22 Maart 2011 goedgekeur word.  
Voorsteller: Rdl L Pieterse  
Sekondant: Rdl M Streicher

## **5. VERSLAE UITVOERENDE BURGEMEESTERSKOMITEE**

- 5.1 Dat kennis geneem word van die verslag van 'n Uitvoerende Burgemeesterskomitee vergadering gehou op 15 Februarie 2011.
- 5.2 Dat kennis geneem word van die verslag van 'n spesiale Uitvoerende Burgemeesterskomitee vergadering gehou op 21 Februarie 2011.
- 5.3 Dat kennis geneem word van die verslag van 'n spesiale Uitvoerende Burgemeesterskomitee vergadering gehou op 22 Februarie 2011.
- 5.4 Dat kennis geneem word van die verslag van 'n Spesiale Uitvoerende Burgemeesterskomitee vergadering gehou op 28 Februarie 2011
- 5.5 Dat kennis geneem word van die verslag van 'n Spesiale Uitvoerende Burgemeesterskomitee vergadering gehou op 15 Maart 2011
- 5.6 Dat kennis geneem word van die verslag van 'n Uitvoerende Burgemeesterskomitee vergadering gehou op 22 Maart 2011

## **6. SAKE VIR BESPREKING**

### **6.1 HESSEQUA GEÏNTEGREERDE ONTWIKKELINGSPLAN, 4DE HERSIENING, 2011/2012**

Verwysingsnommer: <15/1/8>

Vergadering datum: <19 April 2011>

Verslag deur: <Louw de Villiers>

#### **BESLUIT**

1. Dat die Raad die 4de Hersiende GOP dokument goedkeur soos voorgelê.
2. Dat Mnr. L de Villiers en sy departement geluk gewens word met die uitstekende werk.

Voorsteller: Rdl. L Manho

Sekondant: Rdl. J Bouwer

### **6.2 KONSEP BEGROTING 2011/2012**

Verw. nommer: 5/1/1

Vergadering datum: 19 April 2011

Verslag deur: Ferdie Bergh

#### **BESLUIT**

1. Dat die bedryfsbegroting (Uitgawe R260 415 614 en Inkomste R282 843 016) vir die 2011/2012 finansiële jaar en die geprojekteerde twee jaar vir die 2012/2013 en 2013/2014 goedgekeur word as die Bedryfsbegroting

2. Dat die volgende tariefverhogings vir 2011/2012 goedgekeur word;

<b>EIENDOMSBELASTING</b>	9%
<b>WATER</b>	7,5% inkomste – (groei 3.9%)
<b>ELEKTRISITEIT</b>	gem. 20.38%
<b>VULLIS</b>	7.5%
<b>RIOOL</b>	7.5%
<b>DIVERSE TARIWE</b>	10.0%

3. Dat die tariewe soos uiteengesit op bladsy 47 tot 123 in verslag goedgekeur word vanaf 1 Julie 2011.

4. Dat elektrisiteit tariewe onderworpe is aan NERSA se goedkeuring

5. Dat die totale kapitaalebegroting ten bedrae van R68 121 500 vir die 2011/2012 finansiële jaar (bestaande uit kapitaal van R67 382 000 en inventaris van R739 500) en geprojekteerde vier jaar vir 2012/13, 2013/14, 2014/15 en 2015/16 goedgekeur word.

6. Dat die kapitaalebegroting vir 2011/2012 soos volg gefinansier word:-

Kapitaalvervangingsreserwe	R26 689 700
Eksterne Lening	R25 000 000
Skenkings/Subsidies en Ander	R16 431 800

7. Dat die begrotingsverwante beleide vir 2011/2012 goedgekeur word met die volgende verandering by die Deernisbeleid:

Punt 8.6 verwyder word en Punt 8.7 verander word om as volg te lees:

8.6 The value of the property, as determined in the valuation roll, may not exceed R250 000.

8.7 Does not own luxuries, (applicant must furnish proof that he/she pays no subscription)  
(excluding SABC digital dish)

Eiendomsbelastingbeleid

Kredietbeheer

Deernis

Tariefbeleid

Kontantbestuur en Beleggings

Batebeleid

Voorsieningskanaalbestuur (SCM)

Virement

Voorsteller: Rdl. C. Taute  
Sekondant: Rdl. F Hartnick

Die Raad aanvaar die voorstel eenparig.

Die vergadering verdaag om 11:34 tot die Uitvoerende Burgemeester se Begrotingsrede wat plaasvind om 19:00 in die Raadsaal

Voorsteller: Rdl. L Scott  
Sekondant: Rdl. L Manho

.....  
GOEDGEKEUR

.....  
DATUM



# **HESSEQUA LOCAL MUNICIPALITY**

## **CREDIT CONTROL AND DEBT COLLECTION POLICY**



**(FINAL)**

**(FOR IMPLEMENTATION ON 1 JULY 2011)**

**TO REGULATE CUSTOMER CARE MANAGEMENT,  
CREDIT CONTROL AND DEBT COLLECTION POLICIES**

**13 APRIL 2011**

## TABLE OF CONTENTS

1.	PREAMBLE.....	3
2.	DEFINITIONS .....	4
3.	PRINCIPLES .....	8
4.	SUPERVISORY AUTHORITY .....	9
5.	IMPLEMENTING AUTHORITY .....	9
6.	UNSATISFACTORY LEVELS OF INDEBTEDNESS.....	10
7.	APPLICATION FOR THE PROVISION OF MUNICIPAL SERVICES .....	10
8.	DEPOSITS AND GUARANTEES.....	11
9.	ACCOUNTS AND BILLING .....	12
10.	RATES.....	12
11.	ELECTRICITY CHARGES .....	13
12.	WATER CHARGES.....	13
13.	REFUSE AND SEWER CHARGES .....	13
14.	SUNDRY CUSTOMER ACCOUNTS.....	13
15.	FINAL ACCOUNTS.....	13
16.	METERING OF MUNICIPAL SERVICES .....	14
17.	PAYMENT OF ACCOUNTS.....	15
18.	INTEREST ON ARREAR DEBT.....	16
19.	ENQUIRIES AND APPEALS .....	16
20.	LIMITATION, DISCONNECTION OR DISCONTINUATION OF SUPPLY .....	16
21.	RECOVERY OF RATES FROM OWNERS, TENANTS, OCCUPIERS AND AGENTS .....	18
22.	DEBT COLLECTION.....	19
23.	ARRANGEMENTS TO PAY ARREAR DEBT .....	22
24.	INDIGENT CUSTOMERS.....	23
25.	DEBT OF ABSCONDED OWNERS.....	24
26.	STAFF AND COUNCILLORS - PAYMENT OF ARREARS.....	24
27.	ADMINISTRATION ORDERS - PAYMENT OF ARREARS .....	24
28.	WRITE OFF OF IRRECOVERABLE DEBT .....	24
29.	CERTIFICATES REQUIRED FOR TENDERS .....	24
30.	PRIMA FACIE EVIDENCE .....	25
31.	OFFENCES AND PENALTIES .....	25
32.	REPORTING ON PERFORMANCE MANAGEMENT .....	25
33.	PROPERTY MANAGEMENT LEASES.....	26
34.	TEMPORARY WORKERS .....	26
35.	POWER OF ENTRY AND INSPECTION.....	26
36.	NOTICES.....	26
37.	REGULATIONS.....	27
38.	REPEAL OF POLICY .....	27
39.	PUBLICATION OF POLICY .....	27
40.	APPLICATION OF THE POLICY .....	27
41.	IMPLEMENTATION AND REVIEW OF THIS POLICY .....	28

**HESSEQUA LOCAL MUNICIPALITY**  
**PRINCIPLES AND POLICY ON CREDIT CONTROL AND DEBT COLLECTION**

**1. PREAMBLE**

**Whereas** section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*'the Constitution'*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

**And whereas** section 4 (1) (c) of the Local Government: Municipal Systems Act 32 of 2000, as amended (*'the Systems Act'*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

**And whereas** section 5 (1) (g), read with subsection (2) (b) of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent customers, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

**And whereas** Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority, respectively.

**Now therefore** the Municipal Council of Hessequa Municipality adopts the following policy regarding Customer Care, Credit Control and Debt Collection.

**1.2 Scope Of The Policy**

- (a) This Policy applies to all administrations within the defined boundaries of the Hessequa Municipality and all customers of these administrations.
- (b) The Credit Control and Debt Collection policy, as approved by Council, has been enshrined in a Municipal policy in terms of the Systems Act and such Policy will be binding on the public, officials and Councilors of the Local Municipality of Hessequa and no interference in the process will be permitted.
- (c) The Policy is applicable until such time as it is reviewed and any revisions to the Policy approved by Council.
- (d) All acts performed in terms of the above approved Policy, will not be invalidated due to the timing differences between approval and promulgation.
- (e) All acts performed as mentioned in the previous paragraph will be ratified with the promulgation of the Municipal Policy.

**1.3. Objective Of The Policy**

The objective of this policy is to:-

- (a) Focus on all outstanding debt as raised on the customer's account.
- (b) Provide for a uniform credit control, debt collection and indigent Policy throughout the Hessequa Municipality.
- (c) Facilitate implementation of this Policy throughout the Hessequa Municipality.
- (d) Promote a culture of good payment habits amongst Hessequa Municipality customers and instill a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt.
- (e) To ensure that the Council of Hessequa Municipality uses innovative, cost effective, efficient and appropriate methods to collect as much of the debt in the shortest possible time without any interference in the process.
- (f) To ensure that Hessequa Municipality effectively and efficiently deal with defaulters in accordance with the terms and conditions of this Policy.

## 2. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act has that meaning, unless the context indicates otherwise-

**"Account"** means an account rendered specifying charges for municipal services provided by the municipality, or any authorised and contracted service provider, and which account may include assessment rates levies.

**"Arrangement"** means a written agreement entered into between the municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

**"Arrears"** means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

**"Authorised representative"** means a person or instance legally appointed by the municipality to act or to fulfill a duty on its behalf.

**"Billing date"** means the date upon which the monthly statement is generated and debited to the customer's account.

**"Business premises"** means premises utilised for purposes other than residential and excludes the following:-

- (a) hospitals, clinics and institutions for mentally ill persons which are not operated for gain;
- (b) museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;
- (c) sports grounds used for the purpose of amateur sports and any social activities which are connected with such sports;

(d) any property registered in the name of an institution or organisation which, in the opinion of the municipality performs charitable work;

(e) any property utilised for bona fide church or religious purposes.

**"Chief Financial Officer"** means the person appointed as the Chief Financial Officer of the municipality, or his or her nominee.

**"Credit control"** means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

**"Consolidated account"** means an account which is a consolidation of any separate accounts of a person who is liable for payment to the municipality.

**"Council"** means the Council of the Hessequa Municipality.

**"Customer"** means the occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if no occupier can be identified or located, then the owner of the premises and includes any customer of the municipality.

**"Day/Days"** means calendar days, inclusive of Saturdays, Sundays and public holidays.

**"Debt Collectors"** means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.

**"Defaulter"** means any person who owes arrears to the municipality.

**"Delivery date"** shall mean the date on which the periodic account is delivered to the customer or 3 days after the date the account was posted, whichever is the first.

**"Due date"** in relation to -

(a) rates due in respect of any immovable property, means:-

- (i) the twentieth (20<sup>th</sup>) day of September of the financial year for which such rate is made, in the case where rates are levied on an annual basis;
- (ii) the date for payment indicated on the account, in the case where rates are levied on a monthly basis; or
- (iii) any other date determined by Council in terms of a public notice in the Provincial Gazette, and

(b) service charges due in respect of any immovable property, means the date for payment indicated on the account, provided that the due date for any service charges means the twentieth (20<sup>th</sup>) day of September in the case where service charges are levied annually; and

(c) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

**"Electricity charges"** means service charges in respect of the provision of electricity.

**"Immovable property"** includes -

- (a) an undivided share in immovable property, and
- (b) any right in immovable property.

**"Implementing authority"** means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.

**"Indigent customer"** means the head of an indigent household:-

- (a) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the municipality; and
- (b) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his or her household;

**"Indigent Support Programme"** means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Support Policy.

**"Indigent Support Policy"** means the Indigent Support Policy adopted by the Council of the municipality.

**"Interest"** means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the municipality's primary bank account, plus one percent or such other percentage as may be determined by Council from time to time. (See clause 18)

**"Manager Income"** Means the Senior Official in a division of the municipality's Finance Department, overall responsible for the collection of monies owed to the municipality and/or any other official to whom he/she has delegated duties and responsibilities in terms of this policy.

**"Month"** means a calendar month.

**"Monthly average consumption"** means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

**"Municipality"** means the Municipal Council of the Hessequa Municipality or any duly authorised Committee, political office bearer or official.

**"Municipal pay point"** means any municipal office in the area of jurisdiction of the municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.

**"Municipal Manager"** means the Municipal Manager of the Hessequa municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

**"Municipal services"** means services provided either by the municipality, or by an external agent on behalf of the municipality in terms of a service delivery agreement.

**"Occupier"** means any person who occupies, controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

**"Owner"** in relation to immovable property means -

- (a) the person in whom is vested the legal title thereto provided that:-
- (i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
  - (ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;
- (b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- (c) if the owner is absent from the Republic or if his address is unknown to the municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

**"Premises"** includes any piece of land, the external surface boundaries of which are delineated on:

- (a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or
- (b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the municipality.

**"Prescribed"** means prescribed by this policy and where applicable by Council or the Municipal Manager.

**"Prescribed debt"** means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.

**"Person"** means a natural and juristic person, including any department of state, statutory bodies or foreign embassies.

**"Rates"** means a municipal rate on property envisaged in section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003.

**"Refuse charges"** means service charges in respect of the collection and disposal of refuse.

**"Registered owner"** means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937.

**"Responsible person"** means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

**"Service charges"** means the fees levied by the municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

**"Service delivery agreement"** means an agreement between the municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

**"Sewerage charges"** means service charges in respect of the provision of sewerage services.

**"Sundry customer accounts"** means accounts raised for miscellaneous charges for services provided by the municipality or charges that were raised against a person as a result of an action by a person, and were raised in terms of Council's policies, bylaws and decisions.

**"Supervisory authority"** means the Executive Mayor of the municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

**"Tariff"** means the scale of rates, taxes, duties, levies or other fees which may be imposed by the municipality in respect of immovable property or for municipal services provided.

**"Tariff Policy"** means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

**"User"** means the owner or occupier of a property in respect of which municipal services are being rendered.

**"Water charges"** means service charges in respect of the provision of water.

### **3. PRINCIPLES**

- (1) Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.
- (2) The principles of credit management in the municipality are:-
  - (a) The administrative integrity of the municipality must be maintained at all times.
  - (b) This policy must have the full support of Council.
  - (c) Councillors must have full knowledge of the implementation and enforcement of the policy.
  - (d) Customers must be informed of the contents of this policy.
  - (e) Customers must apply for services from the municipality by the completion of the prescribed application form.
  - (f) Customers must receive regular and accurate accounts that indicate the basis for calculating the amounts due. The customer is entitled to have the details of the account explained upon request.
  - (g) Customers must pay their accounts regularly by the due date.
  - (h) Customers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
  - (i) Customers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.



- (j) Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt, including the cost of collection, is recovered.
- (k) It shall be the duty of all customers to ensure that they have the correct information regarding all due amounts.

#### **4. SUPERVISORY AUTHORITY**

- (1) The Executive Mayor oversees and monitors:-
  - (a) The implementation and enforcement of the municipality's credit control and debt collection policy.
  - (b) The performance of the Municipal Manager in implementing the credit control and debt collection policy.
- (2) The Executive Mayor shall at least once a year cause an evaluation or review of the credit control and debt collection policy to be performed, in order to improve the efficiency of the municipality's credit control and debt collection mechanisms, processes and procedures, as well as the implementation of this policy.
- (3) The Executive Mayor shall submit a report to Council regarding the implementation of the credit control and debt collection policy at such intervals as Council may determine.

#### **5. IMPLEMENTING AUTHORITY**

- (1) The Municipal Manager:-
  - (a) Implements and enforces the credit control and debt collection policy.
  - (b) Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control and debt collection policy at such intervals as may be determined by Council.
  - (c) Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the municipality.
  - (d) Where necessary make recommendations to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
  - (e) Establish effective communication between the municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.
  - (f) Establish customer service centres, located in such communities as determined by the Municipal Manager.
  - (g) Convey to account holders information relating to the costs involved in service provision, and how funds received for the payment of services are utilised, and may where necessary employ the services of local media to convey such information.

- (2) The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control and debt collection policy to the Chief Financial Officer.
- (3) A delegation in terms of subsection (2):-
  - (a) Is subject to any limitations or conditions that the Municipal Manager may impose;
  - (b) May authorise the Chief Financial Officer in writing, to sub-delegate duties and responsibilities to the Manager Income.
  - (c) The delegation does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.
- (4) The Chief Financial Officer is accountable to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.
- (5) The Manager Income shall be accountable to the Chief Financial Officer for the sections of this policy delegated to the Manager Income in terms of the MFMA section 82.

## **6. UNSATISFACTORY LEVELS OF INDEBTEDNESS**

- (1) If the level of indebtedness in a particular ward or part of the Municipality exceeds the level of the acceptable norm as determined in the Municipality's budget guidelines, the supervisory authority (Executive Mayor) must, without delay, advise the Councillor for that ward or part.
- (2) The Councillor concerned must without delay convene a meeting of the ward committee, if there is one, or convene a public meeting and report the matter to the committee or meeting for discussion and advice; and may make any appropriate recommendations to the supervisory authority.

## **7. APPLICATION FOR THE PROVISION OF MUNICIPAL SERVICES**

- (1) A customer who requires the provision of municipal services must apply for the service from the municipality.
- (2) The application for the provision of municipal services must be made by the registered owner only of an immovable property.
- (3) The municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.
- (4) In case of existing arrangements where tenants have existing accounts, written permission of the owner may be requested from the owner by the municipality. If the tenant is guilty of non-payment the owner, where permission has been granted, as a last resort is liable for the outstanding debt, except where the property concerned is owned by the municipality. In terms of section 102(3) of the Municipal Systems Act the municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to such a property if the owner requests such accounts in writing from the municipality.
- (5) An agent may with a proxy open an account in the name of the owner.

- (6) The only exception to (3) above is that individuals and businesses with lease agreements to lease properties from the municipality and government departments will be allowed to open an account in the name of the lessee of the property.
- (7) The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the municipality.
- (8) By completing the prescribed application form for the provision of municipal services the customer of services enters into an agreement with the municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- (9) The agreement with the municipality makes provision for the following:-
  - (a) An undertaking by the occupier that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on an attorney/ client basis;
  - (b) An acknowledgement by the occupier that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
  - (c) That the onus will be on the occupier to ensure that he or she is in possession of an account before the due date.
  - (d) An undertaking by the municipality that it shall do everything in its power to deliver accounts timeously.
- (10) The application for the provision of municipal services shall be made at least fourteen (14) days prior to the date on which the services are required to be connected.
- (11) On receipt of the application for provision of municipal services, the municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.
- (12) The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.

## **8. DEPOSITS AND GUARANTEES**

- (1) On application for the provision of municipal services the customer deposit prescribed by Council shall be paid.
- (2) No interest will be paid on any deposit held by Council.
- (3) The Chief Financial Officer may, in respect of business premises, accept an irrevocable bank guarantee in lieu of a deposit on application for the provision of municipal services by a business.
- (4) Existing customers moving to a new address are required to pay the prescribed customer deposit on application for the provision of municipal services at the new address.
- (5) The minimum deposit payable is determined annually by Council and is contained in the tariff book produced annually.

- (6) The customer deposit paid on application for the provision of municipal services must be reviewed annually and may be increased or decreased upon written notice to customers. The deposit will be the equivalent of one month's charge for all municipal services supplied, however this may be increased if it is determined that the customer is a credit risk.
- (7) On termination of the supply of services the amount of the deposit less any payment due to the municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.
- (8) If the Chief Financial Officer intends increasing the minimum deposit payable by the owner, then he or she shall, in the aforesaid notice, state full reasons for the increase, and allow the owner an opportunity to make written representations in this regard.
- (9) An aggrieved owner may, within a period of twenty one (21) days of having been notified of an increase in the minimum deposit payable, lodge an appeal against the decision of the Chief Financial Officer with the Municipal Manager.
- (10) The Municipal Manager shall, in his or her capacity as the appeal authority, consider the appeal, and confirm, vary or revoke the decision of the Chief Financial Officer, within a reasonable period.

## **9. ACCOUNTS AND BILLING**

- (1) The municipality shall provide all customers with a monthly consolidated account for municipal service rendered, which account shall be generated on a monthly basis in cycles of approximately thirty (30) days.
- (2) The monthly consolidated account can include property rates charges, in which case they shall comply with section 27 of the Municipal Property Rates Act No. 6 of 2004.
- (3) All accounts rendered by the municipality shall be payable on the due date.
- (4) Account balances which remain unpaid after 30 days from the delivery date of the account shall attract interest on arrears, irrespective of the reasons for non-payment.
- (5) All accounts are payable as above regardless of the fact that the customer has not received the account, the onus being on the customer to obtain a copy of the account before the due date.

## **10. RATES**

- (1) Rates shall be billed annually or monthly, as determined by the municipality.
- (2) Property rates which are levied annually shall be billed in terms of the July account of each year.
- (3) Property rates which are levied on a monthly basis shall be billed in terms of monthly accounts.
- (4) The tariffs to calculate property rates are determined annually, approved by Council and contained in the tariff book produced by the municipality.

## **11. ELECTRICITY CHARGES**

- (1) The provisions of this policy, in respect of the supply of electricity to a customer, shall constitute the payment conditions of the municipality as licensee, contemplated in section 21(5) of the Electricity Regulation Act No. 4 of 2006.
- (2) Service charges in respect of electricity shall be determined in accordance with metered consumption.
- (3) Monthly accounts shall be rendered for electricity consumption and the customer shall effect payment thereof by the due date.
- (4) The tariffs to calculate the electricity charges are determined annually, approved by Council and contained in the tariff book produced by the municipality.

## **12. WATER CHARGES**

- (1) The provisions of this policy, in respect of the supply of water to a customer, shall constitute the payment conditions of the municipality as water services authority and water services provider, contemplated in sections 4 and 21 of the Water Services Act No. 108 of 1997.
- (2) Service charges in respect of water shall be determined in accordance with metered consumption.
- (3) Monthly accounts shall be rendered for water consumption and the customer shall effect payment thereof by the due date.
- (4) The tariffs to calculate the water charges are determined annually, approved by Council and contained in the tariff book produced by the municipality.

## **13. REFUSE AND SEWER CHARGES**

- (1) Refuse and Sewer charges are billed monthly.
- (2) Refuse and Sewer charges charged monthly are billed on the monthly accounts and the due date for the payment of the charges is as indicated on the accounts.
- (3) The tariffs to calculate the refuse and sewer charges are determined annually, approved by Council and contained in the tariff book produced by the municipality.

## **14. SUNDRY CUSTOMER ACCOUNTS**

- (1) Sundry customer accounts may be rendered by the municipality from time to time.
- (2) Any sundry customer account shall be included in the monthly consolidated account produced by the municipality.

## **15. FINAL ACCOUNTS**

Upon receipt of a customer's application for the termination of municipal services, the municipality shall:-

- (a) take final readings in respect of metered municipal services;

- (b) prepare and render a final account;
- (c) appropriate the customer deposit for the reduction or settlement of any outstanding amount owed by the customer; and
- (d) return the customer deposit to the customer in the event that no amount is owed to the municipality.

## **16. METERING OF MUNICIPAL SERVICES**

- (1) The municipality may introduce various metering equipment and may encourage customers to convert to a system which is preferred by the Council when Council considers this to be beneficial to its functioning and operations.
- (2) Electricity and water consumption is measured with credit and prepayment electricity and water meters.
- (3) Customers may apply to Council for the installation of a prepayment electricity meter in place of a credit meter at the cost of the customer.
- (4) Where a customer has successfully applied for indigent status the credit meter for electricity or water will be changed to a prepayment electricity or water meter at the cost of the Council.
- (5) The following applies to the reading of credit meters:-
  - (a) Credit electricity and water meters are read at in cycles of approximately 30 days.
  - (b) If for any reason the credit electricity and water meters cannot be read, the municipality will render an account based on estimated consumption. The estimate will be based on the average of the previous 12 months consumption.
  - (c) The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
  - (d) The customer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
  - (e) Customers can, for reasons of non-accessibility to their properties by meter readers, provide the municipality with monthly meter readings for billing purposes, provided that an audit reading can be obtained by the municipality once every six months and provided that a final reading can be obtained should the customer vacate the property.
  - (f) If any calculation, reading or metering error is discovered in respect of any account rendered to a customer:-
    - (i) the error shall be corrected in the subsequent account;
    - (ii) any such correction in favour of Council shall only apply in respect of an account from the date on which the error on the account was discovered;
    - (iii) any such correction in favour of the customer may apply in respect of an account from a date no more than three calendar years back from the date on which the error on the account was discovered; and
    - (iv) the correction shall be based on the tariffs applicable during the period.

- (g) Any water leakage discovered on the side of the customer will be the responsibility of the customer.
- (h) Where a customer repaired such a water leakage the Council may consider a rebate on the water account of the customer. In this regard:-
  - (i) the customer must apply in writing for such rebate.
  - (ii) a receipt as proof of repair must be submitted with the application.
  - (iii) the application must be submitted to the Finance Portfolio Committee for consideration.
  - (iv) if approved, the applicable credit will be passed in the subsequent account;
- (i) When a customer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.
- (6) The following applies to prepayment metering:-
  - (a) Prepayment electricity and water is purchased at prepayment vending points for consumption after the date of purchase.
  - (b) Amounts tendered for the purchase of prepayment electricity and water will not be refunded after the prepayment meter voucher has been produced.
  - (c) On request of the customer, copies of the previous prepayment meter vouchers will be produced. Lost vouchers will not be replaced under any circumstances.
  - (d) Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a customer or in case of purchasing against a wrong account.
  - (e) The municipality shall not be liable for the reinstatement of credit in a prepayment meter due to tampering with, or the incorrect use or abuse of prepayment meters.
  - (f) The municipality may appoint vendors for the sale of prepaid electricity and water but does not guarantee the continued operation of any vendor.
  - (g) The municipality may apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the customer.

## **17. PAYMENT OF ACCOUNTS**

- (1) All accounts rendered by the municipality are due and payable on the due date.
- (2) All payments, whether made by cash, stop order, electronic payments or payments made through duly authorized agents must be receipted by the municipality by the close of business on the due date. Cheques will be accepted as payment for all municipal services excluding the municipal resorts. Where a cheque has been dishonoured the person issuing the cheque shall not be allowed to pay by cheque in future. All costs associated with a dishonoured cheque will be for the account of the customer.
- (3) Only cash, credit- or debit cards will be accepted as payment at the municipal resorts.
- (4) Accounts rendered by the municipality can be paid at any municipal cashier office and any other pay point as determined by the Municipal Manager from time to time.

- (5) The payment methods and facilities supported by the municipality can be used to make payments on accounts.
- (6) Payments received in respect of rates and service charges will be allocated by the municipality entirely within its discretion, on the account of the customer.
- (7) Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account.
- (8) An official receipt issued by the municipality or its duly authorized agent will be the only proof of payments made.

#### **18. INTEREST ON ARREAR DEBT**

- (1) Account balances which remain unpaid 30 days after the delivery date of an account shall attract interest irrespective of the reason for non-payment.
- (2) Interest on arrear debt shall, subject to sub-clause (1) above, be calculated for each month, or part thereof, for which such payment remains unpaid.
- (3) No further interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of installment thereof, provided the installments are paid in full by the due dates thereof.

#### **19. ENQUIRIES AND APPEALS**

- (1) Any aggrieved person may address a grievance or query regarding charges for municipal services to the Chief Financial Officer in writing or may visit any customer care office provided by the municipality.
- (2) Every customer has the right to ask and to be provided with a clear explanation as to the services being charged and a breakdown of all amounts shown on their account.
- (3) The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.
- (4) The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. An interim payment similar to an average account must be paid by the due date pending finalisation of the enquiry.
- (5) The municipality will respond to all inquiries from customers in writing within twenty eight days from the lodging of the enquiry.
- (6) The Chief Financial Officer will keep custody of all enquiries and appeals through the Collaborator Programme and report monthly to Council on all enquiries and appeals yet to be resolved.

#### **20. LIMITATION, DISCONNECTION OR DISCONTINUATION OF SUPPLY**

- (1) An account rendered to a customer by the municipality in respect of rates or municipal services, including the collection and disposal of refuse, electricity, water and sewerage services shall be paid by the due date.
- (2) If the customer fails to pay any account within a period of fourteen (14) days after the expiry of the due date, then:-



- (a) the municipality may limit, disconnect or discontinue the supply of electricity or water to the immovable property in question; and
  - (b) the Chief Financial Officer or any duly authorised person may instruct attorneys to recover the outstanding amounts owed.
- (3) The limitation, disconnection or discontinuation of the supply of electricity or water shall be effected in the manner that is customarily used or by taking such reasonable and lawful steps as may be necessary.
- (4) Any disbursements or charges incurred or raised in respect of the limitation, disconnection or discontinuation of the supply of electricity or water shall be paid by the customer.
- (5) Prior to the limitation, disconnection or discontinuation of the supply of electricity or water, the municipality shall:-
  - (a) provide the customer with adequate notice, including:-
    - (i) the date and time of the proposed limitation, disconnection or discontinuation;
    - (ii) the reason for the proposed limitation, disconnection or discontinuation;
    - (iii) the place at which the customer can challenge the basis of the proposed limitation, disconnection or discontinuation; and
  - (b) allow the customer fourteen (14) days within which to challenge or make representations.
- (6) The limitation, disconnection or discontinuation of the supply of water shall not result in a customer being denied access to basic water services for non-payment, where the customer proves, to the satisfaction of the municipality, that he or she is unable to pay for basic water services.
- (7) If a customer unlawfully reconnects or attempts to reconnect a supply of electricity or water that has been limited, disconnected or discontinued, then -
  - (a) the municipality may disconnect or discontinue the supply entirely by removing the service connection from the premises; and
  - (b) any disbursements, penalties or reconnection charges, together with any outstanding amounts owed in respect of rates or municipal services, must be paid in full before a reconnection can be made.
- (8) Subject to the provisions of this policy, the Chief Financial Officer or any person duly authorised thereto may enter into an arrangement with a defaulter for the payment of an outstanding account, in which event -
  - (a) payment may be made by way of installments; and
  - (b) the normal supply of electricity and water to the premises shall be resumed.
- (9) Any defaulter who enters into a bona fide arrangement with the municipality for the settlement of arrears, and who fails to honour the terms of such arrangement, shall not be allowed to enter into any further arrangement with the municipality.

- (10) In the case of a customer where the supply of electricity or water has been limited, disconnected or discontinued at least twice during the preceding period of twelve (12) months, the municipality may review the amount of the customer deposit required from such customer.
- (11) The municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to the property if the owner requests such accounts in writing from the municipality.
- (12) The municipality must provide an owner of a property in its jurisdiction with copies of any agreement entered into with the occupier of the property for the payment of an outstanding account if the owner requests such agreement in writing from the municipality.

## **21. RECOVERY OF RATES FROM OWNERS, TENANTS, OCCUPIERS AND AGENTS**

- (1) The municipality may utilise the procedures prescribed in terms of section 20 of this policy to recover rates arrears from the owner of immovable property.
- (2) Any limitation, disconnection or discontinuation of the electricity or water supply, for the purposes of sub-section (1), shall be effected subject to the requirements contained in section 20 of this policy.
- (3) Alternatively to sub-section (1), above, the municipality may recover rates arrears in whole or in part from a tenant or occupier of the immovable property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after the municipality has served a written notice on the tenant or occupier.'
- (4) The amount the municipality may recover from the tenant or occupier of a property is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- (5) Any amount the municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
- (6) The tenant or occupier of a property must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.
- (7) The municipality may, despite the Estate Agents Affairs Act 1976, recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality.
- (8) The municipality may recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent.
- (9) The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.

- (10) The amount the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

## **22. DEBT COLLECTION**

- (1) Handover of debt to debt collectors
- (a) Debts which have been outstanding for more than 60 days from due date shall be handed over to debt collectors appointed by the municipality for the purposes of collecting such debt. The relevant debt collectors must ensure that the stipulations contained in the NCA with respect to incidental credit are duly complied with.
  - (b) If the debt collectors are unsuccessful in collecting the debt within 90 days of same being handed over, the debt may be handed over to attorneys for legal action.
  - (c) Only the Chief Financial Officer may hand over debts to attorneys for collection, and the Chief Financial Officer shall hand such debts over to attorneys for collection if they have not been collected by debt collectors within the aforementioned period of ninety (90) days, unless the Chief Financial Officer is of the opinion that it shall not be cost effective to do so.
  - (d) If the Chief Financial Officer is of the opinion that it is appropriate to do so (such as in cases of urgency), he or she may hand over debts for collection to attorneys at any time prior to the expiration of any of the periods referred to above and without first handing them to debt collectors.
  - (e) The following types of debt will not be handed over to debt collectors.
    - (i) Debts of indigent customers that are registered as indigent at the date of handover.
    - (ii) Government debt.
    - (iii) Debt that is being paid off as per an arrangement with the customer.
    - (iv) Debt that has not been subject to internal credit control actions for at least two months.
  - (f) The process of collecting debt by debt collectors includes:-
    - (i) The phoning of customers.
    - (ii) Sending an sms to customers.
    - (iii) Sending out demand letters.
    - (iv) Making arrangements with customers to pay off debt in terms of the Council's credit control and debt collection policy.
    - (v) Making follow-up contact with customers on unpaid arrangements.

(2) Handover of debt to Attorneys for legal collection

- (a) Debt that could not be collected by the debt collectors and debt that requires urgent legal attention will be handed over to attorneys for legal collection.
- (b) The following types of debt will not be handed over to attorneys:-
  - (i) Debt of approved indigent customers that has not yet been written off by the council.
  - (ii) Debt that is being paid off as per an arrangement with the customer.
  - (iii) Debt that has not been subject to internal credit control actions for at least two months.
- (c) The process of legal collection includes:-
  - (i) Final demands for payment to customers.
  - (ii) Emolument attachment orders on customer's salaries.
  - (iii) Summons issued for debt to be paid.
  - (iv) Default judgment be obtained against the customer.
  - (v) The attachment of moveable properties and sale in execution of moveable property
  - (vi) The attachment of immoveable property and the sale of immoveable property.

(3) Withholding or offsetting grants-in-aid.

The municipality provides annual grants-in-Aid to Institutions on application. If an institution is in arrear with its services account, then the municipality will withhold the grant-in-aid or the grant-in-aid will be off set against the arrear debt with the municipality.

(4) Section 118 of the Local Government: Municipal Systems Act No 32 of 2000.

- (a) The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Systems Act, which is lodged with the municipality in the prescribed manner.
- (b) This is subject to all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.
- (c) Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid by the owner before the transfer of the property can be affected.
- (d) If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms:-

- (i) In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.
- (ii) In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.
- (iii) The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred and in terms of Section 118(5) of the Act the new owner of the property cannot be held liable for the debt that became due before a transfer of a residential property took place.

(e) Rates Clearance Certificates:-

- (i) will be valid for up to 60 days;
- (ii) no extension on a certificate will be granted. If it expires a new application for clearance must be made;
- (iii) if the valid period surpasses 30 June, the total annual debit for the following financial year will be payable; and
- (iv) outstanding services on properties may only be recovered for a maximum period of two years.

(5) Debt of approved indigent customers written off

- (a) Upon registration as an indigent household, the arrears on the account of the applicant will be written off.
- (b) Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.
- (c) The writing off of any arrears is strictly subject to the provision that the property may not be sold within a period of three years from the date that the owner qualify as a registered indigent. In the case of the property being sold inside a period of three years the arrear debt, excluding any further accumulated interest, will be recovered before a clearance certificate is issued.

(6) Other debt collection methods

- (a) The debt collection methods mentioned in the paragraphs above are not an exhaustive list of methods that can be applied to collect debts and any other methods that can be initiated will be implemented with the approval of Council.

(7) Debt Collection Costs

- (a) Any costs, which include collection costs, charges, disbursements and legal costs relating to any of the debt collection methods applied to collect the debt will be debited to the account of the defaulting customer.

## **23. ARRANGEMENTS TO PAY ARREAR DEBT**

- (1) Arrangements to Pay Outstanding and Due Amounts in Consecutive Installments - Residential Households
  - (a) One of the key objectives of debt collection is to encourage customers to start paying their monthly accounts in full. In addition it is also necessary to ensure that arrear debt is addressed. The current average balances on customer accounts necessitate that innovative ideas be implemented to encourage customers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.
  - (b) The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.
  - (c) A customer may enter into a written agreement with the Municipality to repay any outstanding and due amount to the Municipality under the following conditions:-
    - (i) The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly installments;
    - (ii) The current monthly amount must be paid in full; and
    - (iii) The written agreement has to be signed on behalf of the Municipality by a duly authorised officer.
    - (iv) The agreement will be compliant with the requirements of the National Credit Act where applicable.
  - (d) In order to determine monthly installments a comprehensive statement of assets and liabilities of the customer must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the customer, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement.
  - (e) The municipality may from time to time introduce incentive schemes to improve the debt collection rate.
  - (f) A customer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time.
  - (g) During the time of the debt collection process, but before the debt is handed over to the attorneys a customer may enter into an arrangement to pay off arrear debt.
  - (h) No arrangements will be entertained by attorneys on a debt that has been handed over for legal collection.
  - (i) The municipality will entertain only one arrangement with a customer to pay off arrear debt. Failure to abide by the arrangement will result in that:-
    - (i) the arrangement shall be terminated with immediate effect; and
    - (ii) the outstanding balance shall immediately become due and payable;

- (j) The customer by signing the arrangement agreement to pay off arrear debt acknowledges the following: -
  - (i) The debt is owed to the municipality.
  - (ii) That on default of the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the customer or the customer will be blocked from the purchase of electricity or water on the prepayment system, and legal proceedings will be instituted to collect the debt.
  - (iii) That the customer will be liable for all costs, which includes legal costs on an attorney client basis incurred to collect the debt.

(2) Arrangements by businesses

- (a) At the date of the arrangement a minimum of 50% of the capital arrear debt must be paid immediately.
- (b) After the payment of 50% of the capital arrear debt, 50% of the interest accumulated will be written off from the provision for bad debt.
- (c) The balance of the debt which includes the capital amount and interest must be paid over a 6 to 12 month period on an interest free basis provided payments are made monthly by the due date. Only the Chief Financial Officer may approve any extension on this arrangement.
- (d) The total monthly installment must include the current monthly charges plus the amount to pay off arrear debt.
- (e) Arrangement by businesses to pay off arrear debt will only be entertained for debt on which debt collection actions have been taken and which actions are in an advanced stage.
- (f) Failure to maintain the arrangement will result in interest being reversed and full debt collection being implemented, with no possibility of reprieve.
- (g) Any arrangement outside of the foregoing must be approved by the Municipal Manager. This function cannot be delegated.

## **24. INDIGENT CUSTOMERS**

- (1) An account holder (customer) must apply, in the prescribed manner, to be regarded as an indigent customer as defined in the Indigent Policy approved by the council.
- (2) Any person who has been declared indigent shall be entitled to indigent subsidies for basic services on a basis determined by Council from time to time.
- (3) The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future excess charges.
- (4) The arrears on the accounts of households, approved as indigent, will be submitted to Council to be written off in full. This submission will only be valid as a once-off exercise after approval and will not be applicable for future consumption in excess of the approved subsidy accumulated.

- (5) Where applicable, indigent customers must have their credit electricity and water meters converted to prepayment electricity and water meters.
- (6) Indigent customers with credit electricity and water meters are required to pay their current monthly account, which is the amount after the indigent subsidy has been deducted, every month by the due date, until the conversion to a prepaid meter has been made.

## **25. DEBT OF ABSCONDED OWNERS**

The occupant of the property must sign an agreement in which the occupant agrees to pay all property rates and service charges that are to be raised on the property of the absconded registered owner's property.

## **26. STAFF AND COUNCILLORS - PAYMENT OF ARREARS**

- (1) All existing staff and Councillors who have not entered into an agreement to pay arrears must do so within thirty days of the approval of this policy by council.
- (2) All staff joining the municipality must within thirty days sign an agreement to pay arrears.
- (3) The repayment period for both Councillors and staff is not to exceed twelve months.
- (4) All agreements with Councillors must not exceed the expiry date of the term of office.

## **27. ADMINISTRATION ORDERS - PAYMENT OF ARREARS**

- (1) On notification that an order for administration in terms of section 74 of the Magistrates Court Act, 1944 order has been granted, Council will manage the debt that is part of the administration order separately to the current account.
- (2) The customer will be responsible for the payment of the current monthly account and if the customer defaults on the payment of the account, debt collection action will be implemented.

## **28. WRITE OFF OF IRRECOVERABLE DEBT**

- (1) The objective to write off irrecoverable debt is to have a debt book that does not reflect irrecoverable debt.
- (2) For this purpose Council should adopt and implement a write off policy to formalise the processes for writing off such debts.

## **29. CERTIFICATES REQUIRED FOR TENDERS**

- (1) A person or an institution reacting to a tender published by the municipality or wishing to enter into a contract to either provide services or goods to the municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the account is currently up to date.
- (2) A person who fails to provide such a certificate shall be disqualified from the tendering process.



- (3) A person who has an existing arrangement with the municipality for the payment of arrears shall be exempted from (1) and (2) to the extent of the arrears.

### **30. PRIMA FACIE EVIDENCE**

A certificate endorsed by the municipal manager, reflecting the amount due and payable to the municipality, shall upon mere production thereof be accepted by any court of law as prima facie evidence of the indebtedness reflected therein.

### **31. OFFENCES AND PENALTIES**

- (1) Any person who:-
- (a) fails to give the access required by a duly authorised representative of the municipality in terms of this policy;
  - (b) obstructs or hinders a duly authorised representative of the municipality in the exercise of his or her powers or performance of functions or duties in terms of this policy;
  - (c) unlawfully uses or interferes with municipal equipment or the consumption of services supplied to any customer;
  - (d) tampers with or breaks any seal on a meter or on any equipment belonging to the municipality, or causes a meter not to register properly the service used;
  - (e) fails, or refuses, to give a duly authorised representative of the municipality such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or functions in terms of this policy, or gives such representative false or misleading information, knowing it to be false or misleading; or
  - (f) contravenes, or fails to comply with, a provision of this policy,
- shall be guilty of an offence.
- (2) Upon conviction in a court, an offender shall be liable for a fine not exceeding R60 000, or to imprisonment for a period not exceeding 12 (twelve) months, or both such a fine and imprisonment, and may be charged for consumption, as determined by the Chief Financial Officer, and based on average monthly consumption, or as determined by resolution of the municipality from time to time.

### **32. REPORTING ON PERFORMANCE MANAGEMENT**

- (1) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c).
- (2) The Executive Mayor as Supervisory Authority shall, at intervals of three (3) months, report to Council as contemplated in section 99(c) of the Systems Act.
- (3) This report shall contain particulars on cash collection statistics, showing high-level debt recovery information including amongst others numbers of customers, enquiries, arrangements, default arrangements, growth or reduction of arrear debt.

- (4) Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
- (5) If in the opinion of the Chief Financial Officer, the municipality will not achieve cash receipt income equivalent of the revenue projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if in agreement with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

### **33. PROPERTY MANAGEMENT LEASES**

The procedure for the recovery of arrears on leases will be in accordance with the conditions contained in the relevant lease contract.

### **34. TEMPORARY WORKERS**

Where the municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services they will be required to enter into a written agreement to pay 50% of their gross remuneration towards these arrears of debt.

### **35. POWER OF ENTRY AND INSPECTION**

- (1) For any purpose related to the implementation or enforcement of this policy, and at all reasonable times, or in an emergency, a duly authorised representative of the municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary:-
  - (a) with regard to the installation or repair of any meter or service connection or reticulation; or
  - (b) so as to limit, discontinue, disconnect or reconnect the provision of any service.
- (2) If the municipality considers it necessary that work be performed to enable the aforesaid authorised representative to perform a function referred to in subsection (1) properly and effectively, then it may:-
  - (a) by written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period; or
  - (b) if, in its reasonable opinion, the situation is a matter of urgency, then the municipality may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.
- (3) If the work referred to in subsection (2)(b) above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed, and no such contravention has taken place, then the municipality shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

### **36. NOTICES**

- (1) A notice or document issued by the municipality in terms of this policy shall be deemed to be duly issued if signed by a duly authorised representative of the municipality.

- (2) If a notice is to be served on a person in terms of this policy then such service shall be effected by:-
- (a) delivering the notice to him or her personally, or to his or her duly authorised agent;
  - (b) delivering the notice at his or her residence or place of employment, to a person apparently not less than 16 (sixteen) years of age, and apparently residing or employed there;
  - (c) if he or she has nominated an address for legal purposes, delivering the notice to such an address;
  - (d) registered or certified post, addressed to his or her last known address;
  - (e) in the case of a body corporate, delivering it to the registered office or the business premises of such a body corporate; or
  - (f) if service cannot be effected in terms of the foregoing subsections, by affixing it to the principal door of entry to the premises or displaying it in a conspicuous place on the property to which it relates.

### **37. REGULATIONS**

The municipality may make regulations regarding:-

- (a) any matter required, or permitted, to be prescribed in terms of this policy; and
- (b) generally, all matters which, in the reasonable opinion of the municipality, are necessary, or expedient, to be prescribed, in order to achieve the objects of this policy.

### **38. REPEAL OF POLICY**

Any policy relating to credit control and debt collection adopted by the municipality or any erstwhile municipal council now comprising an administrative unit of the municipality shall be repealed from the date of promulgation of this policy.

### **39. PUBLICATION OF POLICY**

The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public note draw the attention of the public to its broad contents and method of application.

### **40. APPLICATION OF THE POLICY**

The Council reserves the right to differentiate between different categories of customers, debtors, services or service standards when applying this Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

**41. IMPLEMENTATION AND REVIEW OF THIS POLICY**

- (1) This policy shall be implemented once approved by Council. All future credit control actions must be made in accordance with this policy.
- (2) In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

# **HESSEQUA LOCAL MUNICIPALITY**

## **INDIGENT POLICY**



**(FINAL)**

**(FOR IMPLEMENTATION ON 1 JULY 2011)**

**13 APRIL 2011**

## TABLE OF CONTENTS

1. DEFINITIONS .....	33
2. INTRODUCTION .....	34
3. PURPOSE OF THE POLICY .....	35
4. POLICY PRINCIPLES.....	35
5. POLICY OBJECTIVES .....	35
6. LEGISLATIVE FRAMEWORK.....	36
7. TARGETING OF INDIGENT HOUSEHOLDS.....	37
8. QUALIFICATION CRITERIA .....	37
9. ASSISTANCE PROCEDURES.....	39
10. THE EXTENT OF INDIGENT SUPPORT FOR CATEGORY A AND B INDIGENTS .....	42
11. CATEGORY C - INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES.....	45
12. CATEGORY D – CHURCHES CATEGORISED AS A PLACE OF PUBLIC WORSHIP IN INDIGENT AREAS.....	46
13. PROCESS MANAGEMENT .....	46
14. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER .....	49
15. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION .....	49
16. TARIFF POLICY .....	51
17. SOURCES OF FUNDING .....	51
18. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY.....	51
19. RESTORING SERVICES TO QUALIFIED HOUSEHOLDS.....	52

<b>20. MONITORING AND REPORTING .....</b>	<b>52</b>
<b>21. CAPACITY BUILDING .....</b>	<b>52</b>
<b>22. IMPLEMENTATION AND REVIEW OF THIS POLICY .....</b>	<b>52</b>



**HESSEQUA MUNICIPALITY**  
**PRINCIPLES AND POLICY ON INDIGENT CONSUMERS**

**1. DEFINITIONS**

**"household"** means a registered owner or tenant with or without children who reside on the same premises;

**"indigent"** means any household or category of households, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

**"municipality"** means the **Hessequa Municipality**, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, Councillor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

**"programme officer"** an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:-

- a. to ensure that applications for indigent support are received, assessed and submitted for consideration and approval;
- b. to ensure that approved applications are captured on the Financial Management System; and
- c. to ensure that information on applications are verified and that regular audits are executed.

The Accountant Credit Control fulfils the role of Programme Officer within the municipality.

**'occupier'** means the person who controls and resides on or controls and otherwise uses immovable property, provided that:-

- a. the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- b. where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

**'owner'**, in relation to immovable property, means:-

- a. the person in whom is vested the legal title thereto provided that:-
  - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
  - (ii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;

- b. if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- c. if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- d. if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**'premises'** includes any piece of land, the external surface boundaries of which are delineated on:-

- a. a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
- b. a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and
- c. situated within the jurisdiction of the municipality;

**'rates'** means any tax, duty or levy imposed on property by the Council;

## **2. INTRODUCTION**

- 2.1 The Municipal Council must give priority to the basic needs of the community, promote the social and economical development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.
- 2.2 Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 2.3 The Constitution recognises Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.
- 2.4 The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.
- 2.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.

- 2.6 The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Hessequa Municipality.

### **3. PURPOSE OF THE POLICY**

The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of Hessequa Municipality and to ensure that the same procedure is followed for each individual case.

### **4. POLICY PRINCIPLES**

- 4.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.
- 4.2 It is against the above background that the municipality undertakes to promote the following principles:-
- 4.2.1 To ensure that the portion for free basic services allocated as part of the equitable share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay;
- 4.2.2 To link this policy with the municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes;
- 4.2.3 To promote an integrated approach to free basic service delivery; and
- 4.2.4 To engage the community in the development and implementation of this policy.

### **5. POLICY OBJECTIVES**

In support of the above principles the objectives of this policy will be to ensure the following:-

- 5.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 5.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- 5.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
- 5.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
- 5.5 To ensure co-operative governance with other spheres of government; and
- 5.6 To enhance the institutional and financial capacity of the municipality to implement the policy.

## **6. LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:-

- 6.1 The Constitution of the RSA, 1996;
- 6.2 Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003;
- 6.3 The Local Government Municipal Finance Management Act 2003, Act no 56 of 2003;
- 6.4 The Promotion of Administrative Justice Act, 2000, Act no 3 of 2000;
- 6.5 The Promotion of Access to Information Act, 2000, Act no 2 of 2000; and
- 6.6 The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004.

## **7. TARGETING OF INDIGENT HOUSEHOLDS**

- 7.1 The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the Hessequa Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households. Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

- 7.2 The Municipality may apply the following targeting methods:-

<b>Targeting approach</b>	<b>Application</b>
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2. Property value	Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15 000 in terms of the Property Rates Act, 2004.
3. Household income	Threshold shall be determined in terms of socio-economic analysis equalling two state pension grants per Indigent household or an amount determined by the Council from time to time.
4. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

- 7.3 For the 2011/2012 financial year the municipality will use household income, service levels and property value as the targeting approach for the registration of indigent consumers.

## **8. QUALIFICATION CRITERIA**

Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the Hessequa Municipality determines otherwise, the following criteria shall apply:-

- 8.1 The applicant must be a resident within the Hessequa municipal area.
- 8.2 The applicant must be in possession of a valid South African identity document.
- 8.3 The total monthly income of all occupants on the property is not more than an amount as determined by Council from time to time. This amount will be determined at the beginning of every financial year and will be applied for the duration of that

particular financial year. For the 2011/2012 financial year income amount is deemed to be less or equal than R3 500 per month.

- 8.4 Monthly consumption of electricity may not exceed 350 kWh on average.
- 8.5 Monthly water consumption may not exceed 15kl on average.
- 8.6 The value of the property, as determined in the valuation roll, may not exceed R250 000.
- 8.7 Does not own luxuries, i.e. DSTV (applicant must furnish proof that he/she pays no subscription).
- 8.8 Does not own two or more vehicles with a market value each of R50 000 or more;
- 8.9 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system;
- 8.10 Any occupant or resident of the single household referred to above may not own more than one property in addition to the property in respect of which indigent support is provided, excluding property allocated in terms of Section 9 of the Local Authorities Act.
- 8.11 A tenant can only apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- 8.12 The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.

## **9. ASSISTANCE PROCEDURES**

### **9.1 Communication**

- 9.1.1 The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:-
  - 9.1.1.1 Ward committees;
  - 9.1.1.2 Community based organisations;
  - 9.1.1.3 Local radio stations and news papers;
  - 9.1.1.4 Municipal accounts;
  - 9.1.1.5 Imbizo's and road shows; and
  - 9.1.1.6 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

## **9.2 Institutional Arrangements**

The municipality must designate existing staff or appoint officials, or engage appointed Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

## **9.3 Application/Registration**

9.3.1 A person applying for indigent support must complete a formal indigent support application form approved by the municipality.

9.3.2 Such forms will be available at approved registration points provided by the municipality.

9.3.3 Applications for the indigent subsidy must be accompanied by the following documentation:-

9.3.3.1 The latest municipal account for the household;

9.3.3.2 Proof of the identity of the account holder; and

9.3.3.3 Proof of the income of all occupants on the property; i.e. a letter from his/her employer, salary slip/ envelope, pension card, unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment".

9.3.3.4 Bank Statement for the last three months certified by the bank and a statement from the applicant that no other bank accounts exist.

## **9.4 Assessment and Screening of Applicants**

Upon registration of an application, all information must be verified by the Programme Officer.

## **9.5 Recommendation**

Once the verification has been completed the Programme Officer must submit the application and recommendation to the relevant Ward Indigent Assistance Committee.

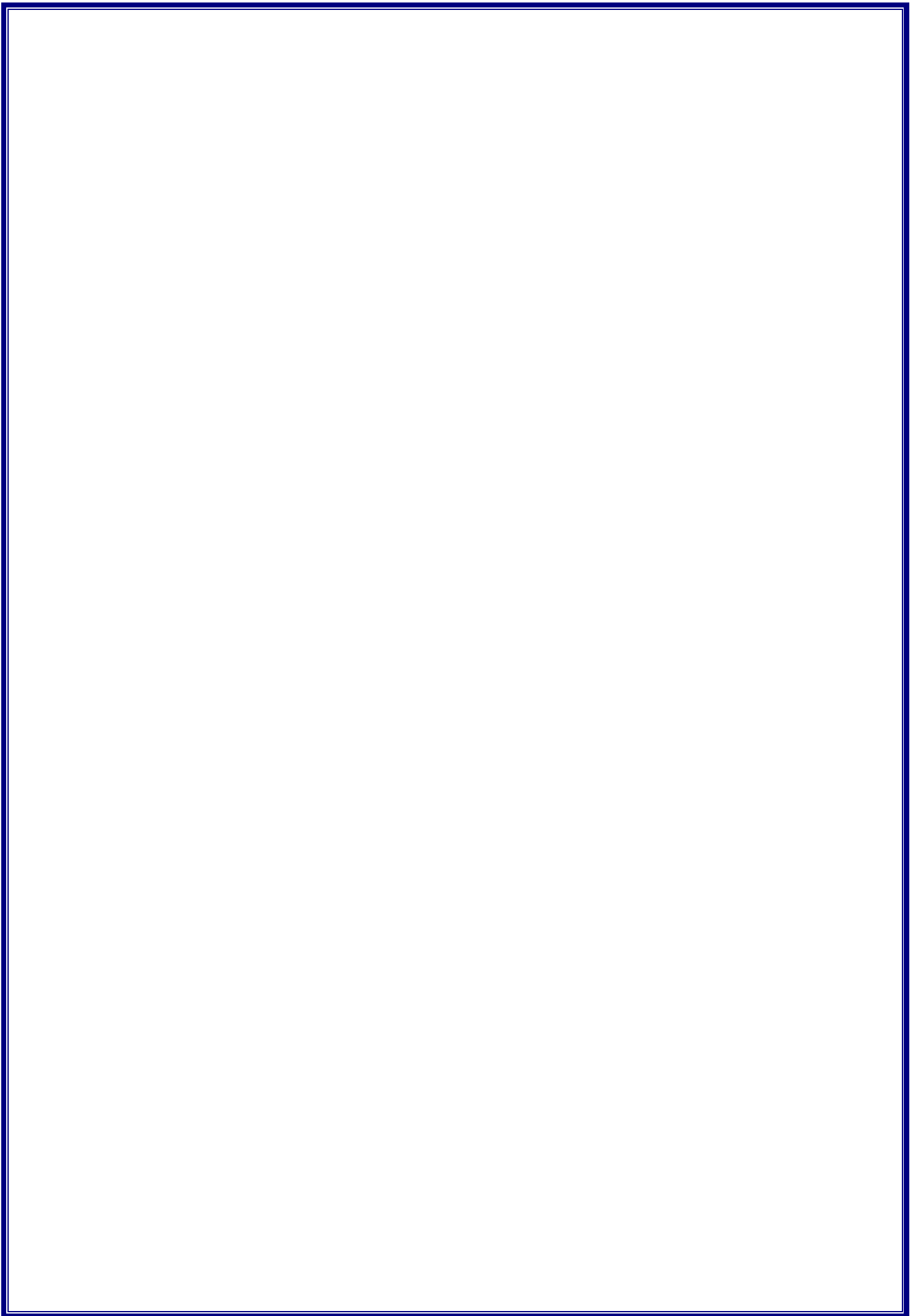
## **9.6 Indigent Assistance Committee**

9.6.1 Indigent assistance committees per ward must be nominated annually by ward councillors and submitted to the Council for approval for appointment via the Programme Officer. A ward indigent committee consists of the ward councillor and two members from the ward nominated.

9.6.2 Indigent Assistance Committees must meet regularly, but at least once per month.

9.6.3 The Indigent Assistance Committee must consider each recommended application; assess it in terms of the application and any other knowledge or information which members may have in respect of the applicant.





- 9.6.4 Recommendations made by the Indigent Assistance Committee must be signed off by the Ward Councillor and submitted to Council for approval via the Programme Officer.
- 9.6.5 Indigent Assistance Committees must monitor, in conjunction with ward councillors, ward committees and other persons or organisations it may appoint, the implementation of the indigent support programme subject to the policy directions of the municipality and in consultation with the Municipal Manager.

## **9.7 Right of Appeal**

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal in terms of section 62 of the Municipal Systems Act, Act no 32 of 2000.

## **10. THE EXTENT OF INDIGENT SUPPORT**

### **Introduction**

- 10.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
- 10.2 The general threshold for indigent support for the 2011/2012 financial year is restricted to qualifying households with a combined income amount less or equal than R3 500 per month. The municipality recognises the following four levels of indigent support:-
- 10.2.1 Category A - Support to qualifying households where the combined income is equal or less to an amount as determined by Council from time to time. For the 2011/2012 financial year this threshold is determined to be equal or less than R3 000 per month.
- 10.2.2 Category B - Support to qualifying households where the combined income for the 2011/2012 financial year is between R3 001 and R3 500 per month.
- 10.2.3 Category C - Care centres where elderly care is provided. For the 2011/2012 financial year, the subsidy will be restricted to a fixed amount of R120 per month per resident with an income equal or lower than R3 500 per month. The indigent assistance is rendered in the form of credit on the monthly electricity levy payable by the management of the particular institution. The total subsidy should not exceed the total monthly municipal account.
- 10.2.4 Category D – Churches who are categorised in the Valuation Roll as a ‘Place of public worship’ in terms of the Municipal Property Rates Act and where more than 50% of the members of that congregation is registered as indigents in terms of the Council's Indigent Policy. For the 2011/2012 financial year, the subsidy will be restricted to the subsidising of all basic services charges.

**11. THE EXTENT OF INDIGENT SUPPORT FOR CATEGORY A AND B INDIGENTS**

Within the above mentioned budgetary process and in striving to create the situation where poor households will be granted access to a full social package, assistance and support to Category A and B households may be granted as set out below.

## **11.1 Electricity**

- 11.1.1 All Category A and B registered indigents will receive 50 kWh of electricity per month fully subsidised or an amount to be determined by Council on an annual basis.
- 11.1.2 Unused free electricity units will not be carried over to the next month. Any meter tampering will result in the subsidisation to be withdrawn. In the event of the electricity supplied by Eskom directly the municipality will pay over an amount to Eskom equal to 50 kWh of electricity per month based on the consumers registered with the Hessequa Municipality as indigents and not based on any indigent records submitted by Eskom.

## **11.2 Water**

- 11.2.1 Category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the basic levy for water for one service connection as provided for by Council in the annual budget from time to time.
- 11.2.2 All Category A and B registered indigents will receive 6 kilolitres of water per month fully subsidised or an amount as determined and provided for by the Council in the annual budget from time to time.
- 11.2.3 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.3 Sewerage**

- 11.3.1 Category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the basic levy for sewerage for one service connection as provided for by Council in the annual budget from time to time.
- 11.3.2 The above subsidy will also be applicable to qualifying indigents with no waterborne sewerage but serviced through septic tanks. The subsidy will be restricted to the basic levy for septic tanks as well as one withdrawal per month.
- 11.3.3 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.4 Refuse Removal**

- 11.4.1 Category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the basic levy for refuse removal for one service connection as provided for by Council in the annual budget from time to time.
- 11.4.2 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.5 Property Rates**

- 11.5.1 Category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the basic levy the payment of property rates provided for by Council in the annual budget from time to time and subject to the provisions of the Municipal Property Rates Act.
- 11.5.2 The subsidy shall not be more than the applicable tariff for that year, and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.6 Burials**

- 11.6.1 In the event of the death of a member of a category A or B indigent household, the municipality will exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.
- 11.6.2 In the event of cremation a contribution will be paid over to the institution where the cremation takes place. This amount will be determined on an annual basis.

## **11.7 Site Rental**

- 11.7.1 Category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the payment for site rental as provided for by Council in the annual budget from time to time.
- 11.7.2 Category A registered indigents shall be subsidised for 50% and category B registered indigents shall be subsidised for 25% of the payment for rental at *"Oue van Dae Flats in Heidelberg"* as provided for by Council in the annual budget from time to time.
- 11.7.3 The subsidy shall not be more than the applicable tariff for that year, and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.8 Fees for Building Plans and Building Lines**

- 11.8.1 Category A and B registered indigents shall be subsidised for the payment of fees as provided for by Council in the annual budget from time to time.
- 11.8.2 The subsidy shall not be more than the applicable tariff for that year, and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **12. CATEGORY C - INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES**

- 12.1 Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy.
- 12.2 The onus will be on the Board of Trustees/Managing Agent to apply to the municipality, for indigent status to be granted in respect of electricity consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.

### **13. CATEGORY D – CHURCHES CATEGORISED AS A PLACE OF PUBLIC WORSHIP IN INDIGENT AREAS**

- 13.1 Churches where more than 50% of the members of that congregation are registered as indigents in terms of the Council's Indigent Policy shall be eligible to qualify for assistance and support in terms of this policy.
- 13.2 The onus will be on the Minister of the Church to submit proof to Council of the number of members registered as indigents in terms of the Council's Indigent Policy. This must be done through submission of the ID numbers of the members qualifying and an affidavit in respect of the total number of members belonging to the congregation.
- 13.3 No subsidy will be payable in respect of any vacant stands owned by any church.

### **14. PROCESS MANAGEMENT**

#### **14.1 Applications**

- 14.1.1 The indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.
- 14.1.2 Applicants must give permission that the information submitted may be verified by a credit bureau or similar agency.
- 14.1.3 All applications must be sworn by the SAPS or a Commissioner of Oaths on signing.

#### **14.2 Validity Period**

- 14.2.1 The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status.
- 14.2.2 Households may have to periodically re-apply, but this would be determined by the municipality from time to time. Currently, the subsidy is only valid for a period of twelve months. Re-application must be done at least three months before the end of each financial year or any other period as determined by the municipality.

#### **14.3 Death of Registered Applicant**

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

#### **14.4 Publication of Register of Indigent Households**

- 14.4.1 Names of indigent beneficiaries must be open for public perusal and comment. The applicant must give permission to the municipality to publish his/her name and address on a list of account holders who receives subsidy in terms of this Policy.
- 14.4.2 Written objections from the public must be referred to the Programme Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

## **14.5 Arrears and Excess Usage of Allocations**

- 14.5.1 Upon registration as an indigent household, the arrears on the account of the applicant will be written off.
- 14.5.2 Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.
- 14.5.3 Current policy requires that upon approval of indigent status the consumer's meters for electricity and water will be converted to pre-paid meters at the cost of Council.
- 14.5.4 The writing off of any arrears is strictly subject to the provision that the property may not be sold within a period of three years from the date that the owner qualify as a registered indigent. In the case of the property being sold inside a period of three years the arrear debt, excluding any further accumulated interest, will be recovered before a clearance certificate is issued.

## **14.6 Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:-

- 14.6.1 Upon death of the account-holder or the head of the household where no accounts are rendered.
- 14.6.2 Automatically at the end of the 12 months cycle. However, the municipality may decide to extend the 12 months cycle for re-application.
- 14.6.3 Upon sale of the property in respect of which support is granted, subject to the provisions of paragraph 13.5.4.
- 14.6.4 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
- 14.6.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:-
  - 14.6.5.1 All arrears will become payable immediately;
  - 14.6.5.2 Stringent credit control measures will apply; and
  - 14.6.5.3 The applicant will not be eligible to apply for indigent support for a period of five (5) years.

## **14.7 Audit and Review**

The municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and

debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so.



Where possible, quarterly targeted audits and reviews should be undertaken, with a complete review scheduled for at least every three (3) years.

#### **14.8 Exit Programme**

14.8.1 Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the municipality in collaboration with other government departments and the private sector.

14.8.2 As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

14.8.3 The municipality must promote exit from indigence by:-

14.8.3.1 identifying indigents for inclusion in public works projects;

14.8.3.2 initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;

14.8.3.3 facilitation of opportunities to enter the informal trade market;

14.8.3.4 facilitation of food security projects; and

14.8.3.5 liaison with National and Provincial departments to include indigent persons in their public works programmes.

#### **15. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER**

15.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this policy.

15.2 Registration will take place on dates and at times and places determined by the Council, but shall generally be undertaken during February and /or March each year. The Municipal Manager or his/her delegate will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.

15.3 Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

#### **16. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

16.1 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared. Non-compliance will make the application invalid.

16.2 Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies

received and all debts including arrears that have previously been written off, and the institution of criminal proceedings, as Council may deem fit.

- 16.3 The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status.

## **17. TARIFF POLICY**

- 17.1 The Municipal Systems Amendment Act stipulates that a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements and which complies with the provisions of the Act and with any other applicable legislation.

- 17.2 A tariff policy must reflect, amongst others, at least the following principles, namely that:-

17.2.1 The amount individual users pay for their services should generally be in proportion to their use of that service;

17.2.2 Poor households must have access to at least basic services through-

17.2.2.1 tariffs that cover only operating and maintenance costs;

17.2.2.2 special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or

17.2.2.3 any other direct or indirect method of subsidisation of tariffs for poor households.

17.2.3 The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

## **18. SOURCES OF FUNDING**

- 18.1 The amount of subsidisation will be limited to the amount of the equitable share received on an annual basis. This amount may be varied on a yearly basis according to the new allocation for a particular financial year.

- 18.2 The Municipality resolves to subsidise all registered indigents for property rates, electricity, water, sewerage, refuse removal, site rentals and burials per month or an amount to be determined annually by Council.

- 18.3 If approved as part of the tariff policy the amount of subsidisation may at any time be increased through cross subsidisation, i.e. step tariff system in which case paragraph 17.2.3 shall apply.

## **19. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

- 19.1 No amount shall be paid to any person or body, but shall be transferred on a monthly basis as a credit towards the approved account holder's municipal services account in respect of the property concerned.

- 19.2 Arrear amounts shall not qualify for any assistance and shall not be taken into consideration. Calculations shall be based on the monthly current accounts only and in accordance with the approved tariff policy.

## **20. RESTORING SERVICES TO QUALIFIED HOUSEHOLDS**

If an application is approved services will be restored free of charge. If services are to be suspended thereafter in terms of the approved credit control policy the approved tariff for reconnection will be payable.

## **21. MONITORING AND REPORTING**

The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:-

- 21.1 Number of indigent households applications received;
- 21.2 Amount of subsidy allocated per benefit category;
- 21.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 21.4 Performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:-
  - 21.4.1 Number of applications for indigent support dealt with;
  - 21.4.2 Time taken to process and finalise applications;
  - 21.4.3 Site visits undertaken; and
  - 21.4.4 Awareness and Exit initiatives.
- 21.5 Changes in the registered status of indigents.

## **22. CAPACITY BUILDING**

The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:-

- 22.1 Database management;
- 22.2 Demand and revenue management; and
- 22.3 Policy and by-law implementation.

## **23. IMPLEMENTATION AND REVIEW OF THIS POLICY**

- 23.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.
- 23.2 In terms of section 17(1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

**HESSEQUA LOCAL MUNICIPALITY**

# **PROPERTY RATES POLICY**



**(FINAL)**  
**(FOR IMPLEMENTATION ON 1 JULY 2011)**

**13 APRIL 2011**

## TABLE OF CONTENTS

PREAMBLE .....	56
1. DEFINITIONS.....	56
2. OBJECTIVES OF THE POLICY .....	65
3. POLICY PRINCIPLES.....	66
4. CATEGORISATION OF SERVICES.....	68
5. CATEGORIES OF PROPERTIES .....	70
6. CATEGORIES OF OWNERS.....	72
7. DIFFERENTIAL RATING.....	72
8. EXEMPTIONS .....	72
9. REBATES.....	74
10. REDUCTIONS .....	79
11. COST OF EXEMPTIONS, REBATES AND REDUCTIONS .....	80
12. MULTIPLE USE OF PROPERTIES .....	81
13. PROPERTY REGISTER .....	81
14. NOTIFICATION OF RATES.....	81
15. CONSULTATION PROCESS .....	81
16. FURNISHING OF ACCOUNTS.....	83
17. PAYMENT OF RATES.....	83
18. FREQUENCY OF VALUATIONS.....	85
19. SHORT TITLE .....	85
20. REVIEW PROCESSES .....	86
21. IMPLEMENTATION .....	86

*HESSEQUA MUNICIPALITY*

*POLICY ON THE LEVYING OF PROPERTY RATES*

**PREAMBLE**

**WHEREAS** section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) requires that a municipality must adopt a policy in accordance with the provisions of the Act;

**NOW THEREFORE** the following policy on the levying of property rates is adopted:

**1. DEFINITIONS**

In this policy definitions, words and expressions have the same meanings as assigned to them in the Act, and unless the context indicates otherwise: –

**“accommodation establishments”** – consists of one or more of the following lettable types of accommodation –

- (a) **“Camping”** (informal temporary accommodation in a unique environment) is defined by a property used for erection of tents or other temporary structures for temporary accommodation for visitors or holiday-makers, which includes ablution, cooking and other facilities that are reasonably and ordinarily related to camping , for use of such visitors, and includes a caravan park, whether publicly or privately owned, but which excludes the alienation of land on the basis of time sharing, sectional title share blocks or individual subdivision; and excludes resort accommodation or mobile homes;
- (b) **“Bed and Breakfast”** (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; provided that the primary use of the dwelling-house concerned shall remain for the living accommodation of a single family;
- (c) **“Guest House”** (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling which is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings or training sessions for resident guests;
- (d) **“Self catering Accommodation”** (accommodation for non-permanent residents and transient guests) is defined by a house, cottage, chalet, bungalow, flat, studio, apartment, villa, or similar accommodation where facilities and equipment are provided for guests to cater for themselves.



The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate;

- (e) "Self catering Apartments" (accommodation for non-permanent residents and transient guests) is defined by a building or group of buildings consisting of separate accommodation units, each incorporating a kitchen / -ette facility, and which may include other communal facilities for the use of transient guests, together with outbuildings as are normally used therewith; which are rented for residential purposes and may include holiday flats; but does not include a hotel, dwelling-house, second dwelling or group house;
- (f) "Backpackers Accommodation" (accommodation and communal facilities in a building or free standing buildings for transient guests) is defined by a building where lodging is provided, and may incorporate cooking dining and communal facilities for the use of lodgers, together with such outbuildings as are normally used therewith and includes a building in which dormitories/rooms/beds are rented for residential purposes, youth hostel, and backpackers' lodge; but does not include a hotel, dwelling house, second dwelling or group house;

- (g) “Boarding House” a dwelling–house or second dwelling which is used for the purpose of supplying lodging with or without meals or self catering to non permanent/permanent residents for compensation; provided that the primary use of the dwelling-house shall remain for the living accommodation of a single family;

“**Act**” – means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) and any amendment thereof;

“**annually**” – means once every financial year;

“**business and commercial property**” – means -

- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (b) property on which the administration of the business of private or public entities take place;

“**category**” –

- (a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Act;

“**conservation area**” –

- (a) a protected area as listed in section 10 of the Protected Areas Act, 2003;
- (b) a nature reserve established in accordance with the Nature and Environment Conservation Ordinance, no 19 of 1974; or
- (c) any land area zoned as open area zone II or III in accordance with the municipality’s zoning scheme regulations;

provided that such protected areas, nature reserves or land areas, with the exception of tourism facilities that may be erected thereupon, be used exclusively for the conservation of the fauna and flora and the products of those land areas may not be traded for commercial gain;

“**exclusion**” – in relation to a municipality’s rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;

“**exemption**” - in respect of the calculation of a rate means an exemption granted in terms of section 15(1)(a) of the Act;

“**farm property or small holdings used for agricultural purpose**” – means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the

purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes;

**“farm property not used for any purpose”** – means agricultural property which is not used for such purpose, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property;

**“financial year”** – the period starting from 1 July in a year to 30 June the following year;

**“industrial property”** – means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

**“local community”** – in relation to the municipality –

(a) means that body of persons comprising –

- (i) the residents of the municipality;
- (ii) the rate payers of the municipality;
- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality, who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and

(b) includes, more specifically, the poor and other deprived sections of such body of persons;

**“local municipality”** – a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls and which is described in section 155(1) of the Constitution as a category B municipality;

**“market value”** – in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

**“multiple purposes”** – in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Act;

**“municipal council”** or **“council”** – is a municipal council referred to in section 18 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

**“municipal manager”** – means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

**“municipal property”** – is property registered or established in the name of the Hessequa Municipality;

**“municipality”** –

- (a) as a corporate entity means a municipality as described in section 2 of the Municipal Systems Act, 2000 (Act No 32 of 2000); and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No 27 of 1998);

**“occupier”** – in respect of a property means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

**“open space”** - means land that is used as a park, garden, for passive leisure or maintained in its natural state;

**“owner”-**

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to paragraph (b) of the definition of “property” means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property” means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure, as envisaged in the definition in the Act of the term “publicly controlled”

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) a trustee, in the case of a property in a trust, excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or another personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- (viii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

**“permitted use”** – in respect of a property means the limited purposes for which a property may be used in terms of the following –

- (a) any restrictions imposed by –
  - (i) a condition of title; or
  - (ii) a provision of a town planning or land use scheme; or
  - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

**“private open space”** means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area;

**“privately owned townships serviced by the owner”** – means single properties, situated in an area not ordinarily being serviced by the municipality, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of

the developer and are rendered and maintained by the residents of such estate;

**“property”** – means

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public services infrastructure;

**“property register”** – a register of properties referred to in section 23 of the Act;

**“rate”** – a municipal rate on a property envisaged in section 229(1)(a) of the Constitution;

**“rateable property”** – means property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

**“rebate”** – in relation to a rate payable on a property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property;

**“reduction”** - in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount;

**“residential property”** – means improved property that: -

- (a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes;
- (c) is owned by a share-block company and is used predominantly for residential purposes;
- (d) is a residence used for residential purposes situated on a property used for educational purposes;
- (e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;
- (f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

**“small holding”** - means

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

**“state owned property”** – excludes any property included in the valuation roll under the category ‘residential property’ or ‘vacant land’.



## **2. OBJECTIVES OF THE POLICY**

2.1 The objectives of this policy are: –

- (1) to comply with the provisions of section 3 of the Act;
- (2) to determine criteria to be applied for –
  - (a) levying differential rates for different property categories;
  - (b) exemptions;
  - (c) reductions;
  - (d) rebates; and
  - (e) rate increases.

- (3) to determine or provide criteria for the determination of the following -
  - (a) property categories for the purpose of levying different rates; and
  - (b) categories of owners of properties for the purpose of granting exemptions, rebates and reductions;
- (4) to determine how the municipality's power should be exercised in terms of multiple-used properties;
- (5) to identify and quantify the following for the municipality in terms of costs and the benefit for the community –
  - (a) exemptions, rebates and reductions; and
  - (b) exclusions.
- (6) to take into account the effect of rates on the indigent;
- (7) to take into account the effect of rates on organisations that perform activities for public benefit;
- (8) to take into account the effect of rates on the public services infrastructure;
- (9) to determine measures for promoting local economic and social development; and
- (10) to identify all rateable revenue not being rated.

### **3. POLICY PRINCIPLES**

- 3.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.
- 3.2 The levying of rate on a property is an exclusive right of the municipality which will be exercised: –
  - (a) optimally and comprehensively within the municipality; and
  - (b) with consideration of the total revenue source of the municipality.
- 3.3 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in section 15 of the Act.
- 3.4 The levying of property rates must be implemented in such a way that: -
  - (a) it is aimed at development;
  - (b) it promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the municipality; and
  - (c) it promotes economic, social and local development.
- 3.5 Property rates will be levied to: –
  - (a) correct the imbalances of the past; and
  - (b) minimise the effect of rates on the indigent.
- 3.6 The market value of a property serves as basis for the calculation of property rates.

- 3.7 The rate tariff will be based on the value of all rateable properties and the amount the municipality needs to fund community and subsidised services, after taking into account any possible surplus generated from trading and economic services and the amounts required to finance exemptions, rebates and reductions of rate, as approved by council from time to time.
- 3.8 Trade and economic services will be financially ring fenced and tariffs and service charges will as far as possible be calculated in such a way that the revenue generated covers the cost of the services or generate a surplus.
- 3.9 The provision for operating capital and bad debt must be related to community and subsidised services and must not include any provisions in respect of trade and economic services.

- 3.10 Property rates will be used to finance community and subsidised services.
- 3.11 Surpluses from trade and economic services may be used to subsidise community and subsidised services.
- 3.12 The revenue basis of the municipality will be optimally protected by limiting the exemptions, rebates and reductions.

#### **4. CATEGORISATION OF SERVICES**

- 4.1 The Chief Financial Officer must, subject to the guidelines provided by the National Treasury and Mayoral Committee of council, make provision for the following categories of municipal services: –

**(a) Trade services**

- (i) Water
- (ii) Electricity

**(b) Economic services**

- (i) Waste removal
- (ii) Sewerage
- (iii) Camping facilities

**(c) Community services**

- (i) Air pollution
- (ii) Local tourism
- (iii) Municipal planning
- (iv) Municipal public works, in respect of the needs of the municipality in the execution of its responsibilities and to administer functions specially assigned to the municipality under the Constitution or any other law
- (v) Storm water management systems in built-up areas
- (vi) Trade regulations
- (vii) Advertising billboards and the display of advertisements in public places
- (viii) Cemeteries
- (ix) Control of public nuisances
- (x) Control over undertakings that sell alcohol to the public
- (xi) Township development
- (xii) Facilities for accommodation, care and burial of animals
- (xiii) Fencing and fences
- (xiv) Licensing of dogs
- (xv) Licensing and control of undertakings that sell food to the public
- (xvi) Local amenities

- (xvii) Local sport facilities
- (xviii) Municipal parks and recreation
- (xix) Municipal roads
- (xx) Noise pollution
- (xxi) Pounds
- (xxii) Public places
- (xxiii) Street trading / Street lighting
- (xxiv) Traffic control and parking
- (xxv) Building control
- (xxvi) Licensing of vehicles and vehicle permits
- (xxvii) Nature reserves
- (xxviii) Child-care facilities
- (xxix) Ferry boats, jetties, piers and harbours

- (xxx) Markets
- (xxxi) Cleaning
- (xxxii) Beaches and entertainment facilities.

## **5. CATEGORIES OF PROPERTIES**

5.1 Subject to section 19 of the Act, Hessequa Municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable properties, which may include categories determined according to the: –

- (a) use of the property;
- (b) permitted use of the property; or
- (c) geographical area in which the property is situated.

5.2 Categories of rateable property that may be determined in terms of paragraph 5.1 include the following: –

- (a) residential (improved property);
- (b) property that is vacant (empty stands) with zoning or proposed use earmarked for residential;
- (c) property that is vacant (empty stands) with zoning or proposed use earmarked for industrial, business or commercial;
- (d) industrial;
- (e) business and commercial;
- (f) farm properties used for –
  - (i) agricultural purposes;
  - (ii) other commercial or business purposes;
  - (iii) residential purposes; or
  - (iv) purposes other than those specified in subparagraphs (i) to (iii);
- (g) farm properties not used for any purpose;
- (h) smallholdings used for –
  - (i) agricultural purposes;
  - (ii) residential purposes;
  - (iii) industrial purposes;
  - (iv) commercial and business purposes; or
  - (v) purposes other than those specified in subparagraphs (i) to (iv).
- (i) state-owned property;
- (j) municipal property;
- (k) public services infrastructure;
- (l) property-
  - a. acquired through the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act No 22 of 1994); or

- b. which is subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
- (m) protected areas;
- (n) properties used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962);
- (o) properties used for multiple purposes, subject to section 9 of the Act;
- (p) accommodation establishments;
- (q) private open space;
- (r) such other categories as may be determined by the council from time to time.

## **6. CATEGORIES OF OWNERS**

6.1 For the purpose as described in section 2(3)(b) of the policy the following categories of owners will be recognised in terms of section 15(2) of the Act: –

- (a) Those owners who qualify and who are registered as indigent in terms of the adopted indigent policy of the municipality;
- (b) Owners of properties situated within an area affected by: –
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No 57 of 2002); or
  - ii. any serious adverse social or economic conditions.
- (c) Owners of properties situated in “privately owned townships” serviced by the owner as referred to in clause 9.1.3 of this policy;
- (d) Owners of agricultural properties as referred to in clause 9.1.4 of this policy;
- (e) Owners of farm properties that are used for residential purposes;
- (f) Owners of farm properties that are used for industrial, commercial and business purposes;
- (g) Owners of smallholdings used for residential purposes;
- (h) Owners of smallholdings used for industrial, commercial and business purposes; and
- (i) Owners of developed properties not yet sold and transferred.

## **7. DIFFERENTIAL RATING**

7.1 Criteria for differential rating on different categories of properties in terms of section 8(1) of the Act will be according to –

- (a) the nature of the property including its sensitivity to rating, e.g. agricultural properties used for agricultural purposes; and
- (b) the promotion of social and economic development within the municipality.

7.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and

7.3 by way of reductions and rebates as provided for in this policy document.

## **8. EXEMPTIONS**

### **8.1 Categories of properties**

8.1.1 The following property categories are exempt from the payment of property rates: –

#### **8.1.1.1 Municipal properties**

Municipal properties are exempted from paying property rates.

#### **8.1.1.2 Residential properties**



All residential property with a market value of less than the amount as annually determined by the municipality, are exempted from paying property rates. **For the 2011/2012 financial year the maximum amount is determined as R50 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1)(h) of the Act are included in the amount as referred to above as annually determined by the municipality. The remaining R35 000 is aimed primarily at alleviating poverty and forms an important part of the municipality's indigent policy.

8.1.1.3 Public Service Infrastructure

Is exempted from paying rates as it provides essential services to the community.

8.1.1.4 Right registered against immovable property

Any right registered against an immovable property as defined in clause 1 of this policy document is exempted from paying rates.

- 8.1.1.5 Public Benefit Organisations - Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.
- 8.1.2 Exemptions in 8.1.1.1 to 8.1.1.5 will automatically apply and no application is thus required by the owners of such property.
- 8.1.3 All possible benefiting organisations in clause 8.1.1.5 must apply annually, by 31 August, for exemption for the financial year in respect of which the application is made. If the exemption applied for is approved the exemption will be valid for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
- 8.1.4 A rate-exemption certificate as issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), must be submitted together with the application.
- 8.1.5 The municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

## **8.2 Impermissible Rates**

In terms of section 17(1) of the Property Rates Act, 2004, the municipality may, inter alia, not levy rates: –

- a. on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004 (Act No 10 of 2004), which are not developed or used for commercial, business, residential or agricultural purposes.
- b. on mineral rights within the meaning of paragraph (b) of the definition for “property” in section 1 of the Act.
- c. on a property belonging to a land reform beneficiary or his or her heirs, provided that the exclusion lapses ten years from the date on which such beneficiary’s title was registered in the Deeds register.
- d. on a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church.

## **9. REBATES**

### **9.1 Categories of properties**

#### **9.1.1 Business, commercial and industrial properties**

9.1.1.1 The municipality may grant rebates to rateable undertakings that promote local, social or economic development within the municipal jurisdiction. The following criteria will apply: –

- (a) job creation in the municipal area;
- (b) social upliftment of the local community; and
- (c) creation of infrastructure for the benefit of the community.

9.1.1.2 Rebates will be granted on application subject to: -

- (a) a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
- (b) a continuation plan issued by the directors and certified by the auditors stating that the objectives have been met and how they plan to continue meeting the objectives;
- (c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies.

9.1.1.3 Council will consider all LED requests on an individual basis according to merits.

### 9.1.2 Privately owned townships serviced by the owner

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned townships serviced by the owners as defined in terms of paragraph 1 of this policy. Applications to this effect must be addressed in writing to the municipality by 31 August of the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved. For the 2011/2012 financial year the rebate is determined as 10%.

### 9.1.3 Rebate on agricultural property

- i. When considering the criteria to be applied in respect any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account: –
  - a. the extent of rates-funded services rendered by the municipality in respect of such properties;
  - b. the contribution of agriculture to the local economy;
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. In the absence of any such promulgation the municipality will apply a standard ratio for agricultural properties from 1:0.25 (75% rebate on the tariff for residential properties). Before the start of 2009/2010 financial year the Minister had promulgated a ratio of 1:0.25 which remains unchanged for the 2011/2012 financial year.
- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following: –
  - a. 2,5% for the provision of accommodation in a permanent structure to full-time farm workers and their dependents or families;
  - b. 2,5% if these residential properties are provided with potable water;
  - c. 2,5% if the residential properties of the farm workers are electrified;
  - d. 2,5% for the provision of land for burial for own workers or for educational or recreational purposes to own workers and workers from surrounding farms.
- iv. The granting of additional rebates is subject to the following: –
  - a. All applications must be addressed in writing to the municipality indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of

farm workers were met. This application will be required as a once-off requirement.

- b. Any new applications must be addressed in writing to the municipality by 31 August of the financial year in respect of which the application is made. If the rebate applied for is granted the rebate will apply for the full financial year and such application will again be regarded as a once-off requirement. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
- c. Council reserves the right to send officials or its agents on an annual basis to premises/households receiving relief for the purposes of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original applications.
- d. The municipality retains the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. In order to avoid doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in paragraph 8.1.1.2 of this policy.

9.1.4 Farm properties and smallholdings used for residential purposes - The municipality annually grants an additional rebate to owners of farm properties and smallholdings that are used for residential purposes. Such a rebate is in relation to the extent of rate-funded services that the municipality renders in respect of such properties. For the 2011/2012 financial year the rebate is determined as 10%.

9.1.5 Farm properties and smallholdings used for industrial, commercial and business purposes - The municipality annually grants an additional rebate to owners of farm properties and smallholdings that are used for industrial, commercial and business purposes. Such a rebate is in relation to the extent of rate-funded services that the municipality renders in respect of such properties. For the 2011/2012 financial year the rebate is determined as 10%.

## **9.2 Categories of Owners**

9.2.1 Indigent owners - The owners that qualify and are registered indigents in terms of the municipality's policy for indigents receive a rebate on the payment of rates as specified in the municipality's policy for indigents. In terms of the current policy, category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the basic levy

the payment of property rates. If they qualify in terms of the municipality's policy for indigents these rebates will automatically be applied and no further application is necessary.

#### **9.2.2 Rebates for retired and disabled persons**

**9.2.2.1** Retired and disabled persons qualify for special rebates in accordance with their monthly household income. Property owners who meet the following requirements may apply for a rebate:–

- (a) The property must be registered in the name of the applicant or the usufruct of the property must be established in the name of the applicant.
- (b) The owner must be at least sixty (60) years of age or in receipt of a disability pension from the Department of Welfare and Population Development.
- (c) The property owner may not be the owner of more than one property.
- (d) The owner must occupy the relevant property. Where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- (e) In the case of a semi-detached house, of which a section is rented out, only the rates paid on that section occupied by the owner is subject to rebates.
- (f) If the owner is a disabled person who receives a disability grant from the government or a person who, due to medical reasons, had to take early retirement, the age requirement as in section 9.2.2.1(b) will not apply.

**9.2.2.2** The municipality grants a rebate, to be determined on an annual basis, for retired and disabled persons that do not qualify in terms of Council's approved Indigent policy. For the 2011/2012 financial year rebates will be applied as follows: -

- (a) Income R0 – R3 000 per month – 25%; and
- (b) Income R3 001 to R8 000 per month – 15%.

**9.2.2.3** Additional rebates for owners who qualify in terms of clause 9.2.2.2 (additional to 9.2.2.2 on balance of rates) can be granted to owners or usufructuaries if they can be categorised in one of the following age categories: -

- (a) 60 to 75 years – 25%;
- (b) 76 to 85 years – 35%; and
- (c) 86 years and older – 45%.

9.2.2.4 Property owners must apply for a rebate on a prescribed form as stipulated by the municipality, and these applications must reach the municipality by 31 August of the financial year in respect of which rates are levied. If the rebate applied for is granted, the rebate will apply for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.

9.2.2.5 The municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.

9.2.2.6 Applications as intended in paragraph 9.2.2.4 must be accompanied by the following information: –

- (a) a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the municipality;
- (b) sufficient proof of income of the owner and the his/her spouse;
- (c) an affidavit from the owner;
- (d) if the owner is a disabled person, satisfactory proof submitted to the municipality that the relevant person receives a disability pension payable by the state; and
- (e) proof of early retirement if the owner has retired at an earlier stage due to medical reasons.

## **10. REDUCTIONS**

10.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-

10.1.1 Partial or total destruction of a property; or

10.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

10.2 The following conditions shall be applicable in respect of clause 10.1:-

10.2.1 The owner of the property referred to in clause 10.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

10.2.2 Owners of property referred to in clause 10.1.2 will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

10.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 10.1.1 and 10.1.2. For the 2011/2012 financial year the maximum reduction is determined as 80%.

10.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

10.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

## **11. COST OF EXEMPTIONS, REBATES AND REDUCTIONS**

11.1 The chief financial officer must inform council during the budgeting process of all the costs associated with the proposed exemptions, rebates, reductions, phasing-in of rates and grants in the place of rates.

11.2 Provision must be made on the operating budget for –

(a) the full potential revenue associated with property rates; and



- (b) the full cost associated with exemptions, rebates and reductions.

**12. MULTIPLE USE OF PROPERTIES**

Rates on properties that are applied for multiple purposes will be calculated at a rate applicable to the permitted or zoned use of the property as described in section 9(1) and 9(2) of the Act.

**13. PROPERTY REGISTER**

- 13.1 A property register, divided into Sections A and B, regarding all properties in the municipal area of jurisdiction, must be compiled and maintained by the municipality.

- 13.2 Section A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations, as done from time to time.

- 13.3 Section B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to: –

13.3.1 exemption from rates in terms of section 15 of the Act;

13.3.2 a reduction or rebate in terms of section 15;

13.3.3 the phasing in of tariffs in terms of section 21; and

13.3.4 exclusions as referred to in section 17.

- 13.4 The register will be open for inspection by the public during office hours at the head office of the municipality or on the internet website of the municipality.

- 13.5 Section A of the register will be updated at least annually by the municipality during the supplementary valuation process.

- 13.6 Section B of the register will be updated annually as part of the implementation of the municipality's annual budget.

**14. NOTIFICATION OF RATES**

- 14.1 Council will give notice at least 30 days before the rate approved during the annual budget meeting will come into effect. Accounts furnished after the 30 days' notice will be based on the new rates.

- 14.2 A notice containing the extent of council's resolution and the date on which the new rate will come into effect will be displayed by the municipality at places installed for this purpose.

**15. CONSULTATION PROCESS**

- 15.1 Before council commands a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.

- 15.2 Before the municipality accepts the rates policy the municipal manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements: –

- 15.2.1 Display the draft property rates policy continuously for a period of thirty (30) days at the municipality's head office, satellite offices and on the website.
- 15.2.2 Publish a notice in the media stating that the draft property rates policy was compiled for submission to council and that such a policy is available at the different municipal offices and on the website for public inspection.

15.2.3 Property owners and interested persons may obtain a copy of the draft policy from the municipal office during office hours at a prescribed cost per copy.

15.2.4 Property owners and interested parties are invited to address written suggestions or representations to the municipality within the period prescribed in the notice.

15.2.5 Council will consider all suggestions and/or representations received during the finalisation of the property rates policy.

## **16. FURNISHING OF ACCOUNTS**

16.1 The municipality will furnish each person liable for the payment of a rate with a written account, specifying: -

16.1.1 the amount due for rates payable;

16.1.2 the date on or before which the amount is payable;

16.1.3 how the amount was calculated;

16.1.4 the market value of the property; and

16.1.5 exemptions, reductions and rebates or the phasing-in of rates, if applicable.

16.2 A person liable for the payment of rates remains liable for payment, whether or not that person has received a written account from the municipality. Inquiries must be addressed to the municipality by such a person who has not received a written account.

16.3 In the case of joint ownership the municipality will, in order to limit costs and prevent unnecessary administration, recover the rates continuously from one of the joint owners.

## **17. PAYMENT OF RATES**

17.1 Council may claim the payment of rates: -

17.1.1 on a monthly basis; or

17.1.2 annually before 20 September of each year.

17.2 Rate payers may choose to pay rates in one instalment annually on or before 20 September of each year. The property owner subject to rates must notify the municipal manager or his/her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the municipality, that he/she wishes to pay all rates in respect of such a property in annual instalments, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he/she withdraws this notice in similar manner.

17.3 If a rate is payable: -

17.3.1 in a single amount annually, it must be paid on or before a date determined by the municipality.

17.3.2 in instalments, it must be paid on or before a date in each period determined by the municipality.

- 17.4 Rates payable on an annual basis will be subject to a 5% rebate if paid in full before or on 20 September of each year.
- 17.5 Interest on rates in arrear, whether paid annually or in equal monthly instalments, shall be calculated in accordance with the provisions of the municipality's policy on credit control and debt collection.
- 17.6 If a property owner who in terms of this policy is liable for the payment of property rates fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the municipality's by-law on credit control and debt collection.

- 17.7 Rates in arrear shall be recovered from tenants, occupiers and agents for the owner in terms of section 28 and 29 of the Act and the municipality's policy on credit control and debt collection.
- 17.8 In the event of rates levied emanating from a supplementary valuation, payment thereof will be according to the date determined by the Municipality and payment thereof may not be withheld pending an objection or appeal as determined by section 78(2) of the Act.
- 17.9 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.
- 17.10 Where the rates on a specific property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be adjusted retrospectively for the period of the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll.
- 17.11 Where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.
- 17.12 Rates Clearance Certificates:-
- 17.12.1 will be valid for up to 60 days;
- 17.12.2 no extension on a certificate will be granted. If it expires a new application for clearance must be made;
- 17.12.3 if the valid period surpasses 30 June, the total annual debit for the following financial year will be payable; and
- 17.12.4 outstanding services and taxes on properties may only be recovered for a maximum period of two years.

## **18. FREQUENCY OF VALUATIONS**

- 18.1 The municipality shall prepare a new valuation roll at least every four (4) years.
- 18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing, to extend the validity of the valuation roll to five (5) years.
- 18.3 Supplementary valuations shall be done on a continual basis, but at least on an annual basis, in order to ensure that the valuation roll is maintained.

## **19. SHORT TITLE**

This policy is the Property Rates Policy of the Hessequa Municipality.

**20. REVIEW PROCESSES**

The Property Rates Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

**21 IMPLEMENTATION**

This policy has been approved by the Municipality in terms of Council Resolution ..... dated .....and comes into effect on 1 July 2011.

# **HESSEQUA MUNICIPALITY**

## **PRINCIPLES AND POLICY ON TARIFFS AND FREE BASIC SERVICES**



**(FINAL)**

**(FOR IMPLEMENTATION ON 1 JULY 2011)**

**13 APRIL 2011**



## TABLE OF CONTENTS

	Page
1. INTRODUCTION AND LEGISLATIVE REQUIREMENTS.....	91
2. DEFINITIONS AND ABBREVIATIONS.....	91
3. PURPOSE OF THE TARIFF POLICY.....	99
4. SCOPE OF APPLICATION.....	100
5. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE.....	100
6. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE.....	102
6.1 Financial Factors	102
6.2 Socio-economic factors	104
6.3 Minimum service levels	106
6.4 Credit Control	106
6.5 Package of services	106
6.6 Historical and future user patterns	106
6.7 User groups	106
7. FREE BASIC SERVICES.....	108
8. TARIFF STRUCTURES FOR VARIOUS SERVICES.....	110
8.3 Electricity	110
8.4 Water	112
8.5 Refuse Removal	114
8.6 Sewerage	116
8.7 Property Rates	116
9. ELECTRICITY TARIFF POLICY .....	118
9.1 Domestic Customers	118
9.2 Commercial/ Business Customers/ Accommodation Establishments	120
9.3 Industrial/ Bulk Customers	122
9.4 Farm Properties (Agricultural)	122
9.5 Special Arrangements	124
9.6 Electricity sundry tariffs	124
10. WATER TARIFF POLICY .....	124
10.1 Domestic Customers	124
10.2 All other Customers	126
10.3 Special Arrangements	127
10.4 Water Delivery in Rural Areas	128
10.5 Water Restrictions	128
10.6 Water Sundry Tariffs	128
11. REFUSE TARIFF POLICY .....	128
11.1 Refuse Removal Tariffs	128
11.2 Refuse Removal Sundry Tariffs	130
12. SEWERAGE TARIFF POLICY.....	130

12.1	Waterborne Sewerage Systems	130
12.2	Septic Tanks/ French Drains	130
12.3	Withdrawal of Septic Tanks/ French Drains in Rural Areas	130
12.4	Special Arrangements	132
12.5	Sewerage sundry tariffs	132
13.	PROPERTY TAX POLICY .....	132
13.1	Property Tax Tariffs	132
13.2	Property Tax Sundry Tariffs	132
14.	SUNDRY TARIFFS .....	132
15.	IMPLEMENTATION AND REVIEW OF THIS POLICY .....	134

HESSEQUA LOCAL MUNICIPALITY  
PRINCIPLES AND POLICY ON TARIFFS AND FREE BASIC SERVICES

*INTRODUCTION AND LEGISLATIVE REQUIREMENTS*

In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended.

In terms of section 74 of the Municipal Systems Act the municipal council hereby adopts a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

This policy has been compiled in accordance with:-

The Constitution of the Republic of South Africa, Act no 108 of 1996 as amended;

Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended;

Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003;

Local Government: Municipal Property Rates Act (MPRA), Act no 6 of 2004;

Hessequa Municipality Property Rates Policy as reviewed annually.

*DEFINITIONS AND ABBREVIATIONS*

**"Account"** means an account rendered specifying charges for municipal services provided by the municipality, or any authorised and contracted service provider, and which account may include assessment rates levies.

**"Accounting officer"** means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.

**"Annual budget"** shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget.

**"Arrangement"** means a written agreement entered into between the municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

**"Basic municipal services"** shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

**“Business and commercial property”** means -

- (c) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (d) property on which the administration of the business of private or public entities take place;

**"By-law"** shall mean legislation passed by the council of the municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.

**"Category"** –

- (a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Act;

**"Chief financial officer"** means a person designated in terms of section 80 (2) (a) of the Municipal Finance Management Act.

**"Consumer price index"** shall mean the CPIX as determined and gazetted from time to time by the South Bureau of Statistics.

**"Councillor"** shall mean a member of the Council of the municipality.

**"Domestic customer or user"** of municipal services shall mean the person or household which municipal services are rendered in respect of "residential property" as defined below.

**"Electricity charges"** means service charges in respect of the provision of electricity.

**"Farm property or small holdings used for agricultural purpose"** – means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes.

**"Farm property not used for any purpose"** means agricultural property which is not used for such purpose, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property.

**"Financial year"** shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

**"Indigent customer"** means the head of an indigent household:-

- (a) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the municipality; and
- (b) who makes application for indigent support in terms of Council's Indigent Support

Policy on behalf of all members of his or her household;

**"Indigent Support Programme"** means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Support Policy.

**"Indigent Support Policy"** means the Indigent Support Policy adopted by the Council of the municipality.

**"Integrated development plan"** shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.

**"Industrial property"** – means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

**"Local community"** or **"community"**, in relation to the municipality, shall mean that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic organisations and non-governmental, private sector or labour organisations or bodies involved in local affairs within the municipality, and visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

**"Month"** means one of twelve months of a calendar year.

**"Municipality"** or **"municipal area"** shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the municipality.

**"the municipality"** means Hessequa Local Municipality.

**"Municipal council"** or **"council"** shall mean the municipal council of Hessequa Local Municipality as referred to in Section 157(1) of the Constitution.

**"Municipal manager"** shall mean the person appointed in terms of Section 82 of the Municipal Structures Act, 1998.

**"Multiple purposes"** in relation to a property, shall mean the use of a property for more than one purpose.

**"Municipal service"** has the meaning assigned to it in terms of Section 1 of the Municipal Systems Act.

**"Municipal tariff"** shall mean a tariff for services which the municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of other services supplied including services incidental to the provision of the major services.

**"Occupier"** means any person who occupies, controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

**"Owner"** in relation to immovable property means -

- (d) the person in whom is vested the legal title thereto provided that:-
  - (i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
  - (ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;
- (e) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- (f) if the owner is absent from the Republic or if his address is unknown to the municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

**"Premises"** includes any piece of land, the external surface boundaries of which are delineated on:

- (c) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or
- (d) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the municipality.

**"Rate"** shall mean a municipal rate on property as envisaged in Section 229 (1 (a) of the Constitution.

**"Rateable property"** shall mean property on which the municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

**"Ratepayer"** shall mean a person who is liable to the municipality for the payment of (a) rates on property in the municipality; (b) any other tax, duty or levy imposed by the municipality; and/or (c) fees for services provided either by the municipality or in terms of a service delivery agreement.

**"Rebate"** in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

**"Refuse charges"** means service charges in respect of the collection and disposal of refuse.

**"Residential property"** shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Municipal Property Rates Act, 2004 as residential.



**“Residential property”** furthermore means improved property that: -

- (e) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property.

Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;

- (f) is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes;
- (g) is owned by a share-block company and is used predominantly for residential purposes;
- (h) is a residence used for residential purposes situated on a property used for educational purposes;
- (i) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;
- (j) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

**"Sewerage charges"** means service charges in respect of the provision of sewerage services.

**"Small holding"** means

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

**"State owned property"** excludes any property included in the valuation roll under the category 'residential property' or 'vacant land'.

**"Tariff"** means the scale of rates, taxes, duties, levies or other fees which may be imposed by the municipality in respect of immovable property or for municipal services provided.

**"Tariff Policy"** means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

**"Water charges"** means service charges in respect of the provision of water.

#### *PURPOSE OF THE TARIFF POLICY*

Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.

The purpose of this tariff policy is to prescribe the accounting and administrative policies and procedures relating to the determining and levying tariffs by the Hessequa Local Municipality.

The Municipality should perform the procedures set out in this policy to ensure the effective planning and management of tariffs. In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

#### *SCOPE OF APPLICATION*

This policy applies to all tariffs charged within the defined boundaries of Hessequa Local Municipality.

#### *BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE*

Service tariffs imposed by the local municipality shall be viewed as user charges and not as taxes, and therefore the ability of the relevant customer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigent relief measures approved by the municipality from time to time).

The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

Tariffs for the four major services rendered by the municipality, namely Electricity, Water, Sewerage and Refuse Removal, shall as far as possible recover the expenses associated with the rendering of each service concerned, and where feasible, generate a modest surplus as determined in each annual budget. Such surplus shall be applied in relief of property rates or for the future capital expansion of the service concerned, or both.

The tariff which a particular customer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and customers in the municipal region.

In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and customers in regard to the tariffs which it levies. Such differentiation shall however at all times be reasonable and shall be fully disclosed in each annual budget.

The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of customers or users shall be evident to all customers or users of the service in question.

The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

In the case of conventional metering systems for electricity and water, the consumption of such services shall be properly metered by the municipality and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on customers shall be proportionate to the quantity of the service which they consume. In addition, the municipality shall levy a monthly fixed charge for electricity and water services.

In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

In case of vacant stands, where the services are available but not connected, the municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of infra structure available for immediate connection. This principle also applies to vacant stands in areas serviced through septic tanks.

The municipality's tariffs for electricity services will be determined to ensure that those customers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such customers during certain periods. These bulk customers shall therefore pay the relevant demand charge as well as an energy charge directly related to their actual consumption of electricity during the relevant metering period.

## ***FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE***

### ***Financial Factors***

The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service to avoid cross subsidising of services.

In order to determine the tariffs which must be charged for the supply of the four major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

Cost of bulk purchases in the case of water and electricity.

Distribution costs.

Distribution losses in the case of electricity and water.

Depreciation expenses.

Maintenance of infrastructure and other fixed assets.

Cost of approved indigent relief measures and cross subsidising of low consumption.

Administration and service costs, including:-

- (a) service charges levied by other departments such as finance, human resources and legal services;

- (b) reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;
- (c) adequate contributions to the provisions for bad debts and obsolescence of stock; and
- (d) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenue, and shall not be included in the costing of the major services of the municipality).

The intended surplus to be generated for the financial year. Surplus to be applied:-

- (a) as an appropriation to capital reserves; and/or
- (b) generally in relief of rates.

### ***Socio-economic factors***

Although the determination of tariffs is in many instances politically orientated, it ought to be based on sound, transparent and objective principles at all times. In order to fully understand the influence of the socio-economic factors the various user categories and forms of subsidisation needs to be considered. Tariffs should also support business initiatives aimed at creating jobs or contribute to the economy of the area.

Users can be divided into the following categories:-

Users who are incapable to make any contribution towards the consumption of services and who are fully subsidised;

Users who are able to afford a partial contribution and who are partially subsidised only; and

Users who can afford the cost of the services in total.

It is important to identify these categories and to plan the tariff structures accordingly. Subsidies currently derived from two sources namely:-

Contributions from National Government: National Government makes an annual contribution according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this



contribution is judiciously utilised it will subsidise all indigent households who qualify in terms of the Council policy.

Contributions from own funds: The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the larger users. Any subsidy must be made known publicly.

To make provision for subsidisation the tariff structure can be compiled as follow:-

Totally free services (within limits and guide lines);

Lower tariffs for users who qualify in terms of particular guide lines, for example to recover the operational costs of the service only; and

Full tariff payable with a subsidy that is transferable from sources as mentioned above.

### ***Minimum service levels***

It is important that minimum service levels be determined in order to make an affordable tariff package available to all potential users.

### ***Credit Control***

It is not possible to successfully compile a tariff structure without consideration of the stipulations of an effective credit control system. Income is provided for in the budget as if a 100% payment level will be maintained. It is therefore important to continuously ensure that users indeed pay punctually. Non payment has a direct effect in that provision for bad debt, in accordance with current payment levels, must be provided as expenditure in the budget.

However, it is also a fact that there are users who are unable to pay. Tariffs must therefore provide access to a minimum level of basic services for all users. It should furthermore be supplemented with a practical policy for indigents. This will ensure the sustainable delivery of services. In addition, adequate provision should be made on an annual basis for bad debt/ working capital in accordance with current payment levels.

### ***Package of services***

The accounts for rates and services must not be seen in isolation. It must be considered jointly to determine the most affordable amount that the different users can pay as a total account. The basic costs of a service must first of all be recovered and then only can profits be manipulated to determine the most economic package for the user with due allowance for future events in regard to a particular service.

### ***Historical and future user patterns***

It is important to keep accurate consumption statistics for the purpose of determining tariffs. Consumption determines tendencies, which ultimately have an influence on tariffs within a structure. Provision should be made in the process for growth and seasonal use, as well as for unforeseen events that may have an impact on tariffs.

### ***User groups***

Users are traditionally divided into user groups as set out below:-

Domestic (Residential);

Businesses/ Commercial;

Industries/Bulk customers;

Farm properties (agricultural);

Accommodation establishments (guest houses);

Municipal consumption (departmental charges); and

Institutions that may be directly subsidised for example retirement homes, schools and hostels, sport organisations, etcetera.

Special arrangements for specific developments as may be determined by Council from time to time.

A continuous effort should be made to group together those users who have more or less the same access to a specific service.

#### ***FREE BASIC SERVICES***

Free basic municipal services refers to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.

In terms of the South African Constitution all customers should have access to basic services. Currently, the free basic services provided to the domestic customers within the Hessequa Local Municipality are as follows: -

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

The general threshold for indigent support is restricted to qualifying households with a combined income amount per month less or equal than an amount determined by Council. The municipality recognises the following four levels of indigent support:-

Category A - Support to qualifying households where the combined income is equal or less to an amount as determined by Council from time to time. 100% Subsidy.

Category B - Support to qualifying households where the combined income is equal or less to an amount as determined by Council from time to time. 50% Subsidy.

Category C - Care centres where elderly care is provided. The subsidy will be restricted to a fixed amount per month per resident with an income per month equal or lower than an amount determined by Council. The indigent assistance is rendered in the form of credit on the monthly electricity levy payable by the management of the particular institution. The total subsidy should not exceed the total monthly municipal account.

Category D – Churches who are categorised in the Valuation Roll as a 'Place of public worship' in terms of the Municipal Property Rates Act and where more than 50% of the members of that congregation is registered as indigents in terms of the Council's Indigent Policy will be subsidised in terms of all basic services charges only.

## *TARIFF STRUCTURES FOR VARIOUS SERVICES*

It is essential that a compromise be reached between the following needs with the determination of a tariff structure: -

The need to reflect costs as accurately as possible in order to achieve cost effectiveness;

The need to ensure equality and fairness between user groups;

The need for a practically implementable tariff;

The need to use appropriate metering and provisioning technology;

The need for an understandable tariff; and

The user's ability to pay.

Taking into consideration the abovementioned points the tariff structure of the following services are discussed:-

Electricity.

Water.

Refuse Removal.

Sewerage.

Property Rates.

### ***Electricity***

To calculate the tariff for electricity, the actual cost incurred in the supply of electricity to the community, has to be taken into consideration. The principle of basic levies as well as a per unit tariff for electricity is determined by the cost structure. This cost structure consists of the following components:-

Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any electricity has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of electricity, costs of capital and insurance that is payable in respect of the infra structure. These costs must be recovered whether any electricity is used or not. The costs are therefore recovered by means of a fixed levy per period (normally as a monthly basic charge) in order to ensure that these costs are covered.

Variable costs: It relates to the physical provision of electricity according to consumption/ demand and must be financed by means of a unit tariff which is payable per kWh/KVA electricity consumed.

Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

The following tariff structures were basically used for the determination of tariffs:-

Inclining block tariff (IBT) tariff structure where customer's consumption is divided into blocks and each subsequent block has a higher energy rate (c/kWh). The tariff structure has been set by NERSA in order to protect/ cross-subsidise low income domestic customers and to promote energy efficiency.

Single rate energy tariff (all costs expressed in a single cent/kWh charge).

Two part tariff (consist of a basic monthly charge plus a variable charge related to metered kWh consumption):-

- Energy rate (c/kWh)
- Basic monthly charge (R/month).

Three part tariff:-

- Energy rate (c/kWh)
- Basic monthly charge (R/month)
- Demand charge (R/KVA month – recovers capital costs elements).

Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

An availability fee will be charged on properties not connected to the electricity network should it be available to that property. This fee aims to recoup capital and maintenance costs in respect of such properties. If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.

## **Water**

Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. In order to cut consumption, an inclining block rate tariff structure with a basic fee is applied. In principle, the amount that users pay for water services should generally be in proportion to their use of water services. Tariffs must be set at levels that facilitate the sustainability of the service.

To calculate the tariff for water, the actual cost incurred in the supply of water to the community, has to be taken into consideration. The principle of basic levies as well as a kilolitre tariff



for water is determined by the cost structure. Similar to electricity, this cost structure consists of the following components:-

Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of water, costs of capital and insurance that is payable in respect of the infra structure. These costs must be recovered whether any water is used or not. The costs are therefore recovered by means of a fixed levy per period (normally on a monthly basis) in order to ensure that these costs are covered.

Variable costs: It relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kilolitre water consumed.

Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

The following tariff structures were basically used for the determination of tariffs:-

Single-leg water consumption for users with pre-paid meters; and

Two-leg tariff consisting of a basic charge based on the size of the water connection and consumption for users with conventional meters.

An availability fee will be charged on users and/or properties not connected to the water network, should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects and improve the property the debit will be adjusted pro-rata from the date of the connection.

Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

### ***Refuse Removal***

Refuse removal is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.

A customer who chooses to do his/her own refuse removal will still be liable for paying the applicable refuse tariff.

The tariff levied by Hessequa Local Municipality is based on the category of property as determined in the valuation roll.

The following tariff structures were basically used for the determination of tariffs:-

Residential (domestic customers) – maximum of one removal per week (black bag system).

Accommodation Establishments – maximum of one removal per week (black bag system).

Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week.

Business/ Commercial/ Industrial (Bulk) - maximum of three removals per week.

Business/Commercial/Industrial (Bulk) - four or more, with a maximum of seven removals per week.

Additional removals – More than the maximum removals as per 8.5.4.1 - 8.5.4.4.

Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

### ***Sewerage***

Sewer service is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.

The following tariff structures were basically used for the determination of tariffs:-

The tariff levied for waterborne sewerage systems is based on the size of the water connection.

The tariff levied for septic tanks will consist of a basic charge plus a fixed amount per withdrawal.

Customers who are not connected to the waterborne sewerage network but who can reasonably be connected shall pay an availability tariff. However, owners of vacant stands in an area serviced through septic tanks or french drains only will not pay the availability tariff for waterborne sewerage but only pay the basic tariff for septic tanks.

Customers in an area serviced through a waterborne sewerage network who prefer not to connect to such a service but remain with a septic tank or french drain will be charged the monthly basic tariff for a 50mm water connection and not the basic tariff for septic tanks. In addition, such customers will also pay a fixed fee per withdrawal.

Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

### ***Property Rates***

The rate levied by the municipality will be a cent amount in the Rand based on the market value of the property.

In terms of the Municipal Property Rates Act, 2004 the municipality may levy different rates for different categories of rateable property. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each

property category and by way of reductions and rebates as provided for in the municipality's property rates policy.

In terms of section 17 (1) (e) of the Municipal Finance Management Act municipality's property rates policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

## ***ELECTRICITY TARIFF POLICY***

Electricity is supplied under a distribution license, granted by NERSA for a specific area of jurisdiction, which regulates inter alia the following aspects:-

- a. Classification of customer categories.
- b. Permissible tariff structure options are determined at a national level and distributors are obliged to apply these structures to obtain uniformity.
- c. All tariff structures and tariffs must be approved by NERSA prior to application thereof by a distributor.

### ***Domestic Customers***

This tariff covers the supply of electricity for domestic use in private dwellings, flats and chalets with separate meters and includes churches, schools, welfare buildings, hospitals, halls or similar premises with circuit breaker sizes not in excess of 63A single phase or 63A three phase.

Should customers require supplies in excess hereof, the Commercial Customer or Bulk Supply tariff will be applicable. A phased approach will be implemented to convert existing customers who have traditionally been charged at different tariffs towards these criteria.

Domestic customers with circuit breaker sizes in excess of 63A will be allowed until latest 30 June 2012 to reduce their circuit breaker size to 63A. Thereafter, the Business or Bulk tariff, as applicable, will be applied to these customers.

### ***Customers with Conventional Meters***

Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Two part tariff:
  - i. Fixed monthly charge (R/month). The fixed monthly charge is determined by the installed circuit breaker size.
  - ii. Energy rate (c/kWh). The energy rate is charged on an inclining block tariff per unit based on the number of kWh consumed which is determined as follows:-

Block 1: 0 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

### ***Pre-paid Customers***

Pre-paid users, if applicable, are charged at an inclining block tariff per unit based on the number of kWh purchased, which is determined as follows:-

Block 1: 0 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases.

Registered Indigents receive a number of kWh units fully subsidised every month, as determined by Council on an annual basis. Where possible, Council may limit the supply to indigent consumers to 20A single phase.

### ***Pre-paid Customers with Holiday Homes***

Pre-paid meters installed in holiday homes will pay the conventional meter tariff if the property is not occupied for at least nine months per year

A two-part tariff structure as per the conventional users is applied in respect of pre-paid meters installed in holiday homes (see 9.1.1.b). Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases. The fixed monthly charge will be billed to the owner/tenant of the property, and the energy will be purchased via the pre-paid meter.

When a holiday home becomes occupied permanently the standard pre-paid tariffs will be re-instated after an application is received from the owner and it is approved by the Municipality.

It is the owner's responsibility to ensure that the status of his/her property is correct. In this regard, the owner must submit a sworn affidavit when applying for a conversion.

### ***Commercial/ Business Customers/ Accommodation Establishments***

This tariff covers the supply of electricity to shops, office buildings, hotels, accommodation establishments, clubs, industrial undertakings, Builder's supplies or similar premises with circuit breaker sizes not in excess of 63A single phase or 100A three phase.



Should customers require supplies in excess hereof, the Bulk Supply tariff will be applicable. A phased approach will be implemented to convert existing customers who have traditionally been charged at different tariffs towards these criteria. Commercial customers with circuit breaker sizes in excess of 63A single phase or 100A three phase will be allowed until latest 30 June 2012 to reduce their circuit breaker sizes. Thereafter, the available Commercial or Bulk tariffs will be applied to these customers.

### ***Customers with Conventional Meters***

Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Two part tariff:
  - i. Fixed monthly charge (R/month). The fixed monthly charge is determined by the installed circuit breaker size.
  - ii. Energy rate (c/kWh). The energy rate is charged at a single rate tariff per unit based on the number of kWh consumed.

### ***Pre-paid Customers***

Pre-paid users, if applicable, are charged at a declining block tariff per unit based on the number of kWh purchased, which is determined as follows:

Block 1: 0 to 1000 kWh
Block 2: > 1000 kWh

Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases.

### ***Industrial/ Bulk Customers***

The Bulk Supply tariff is for Customers with a notified maximum demand of 71kVA or more or who require a supply greater than a 100Amp three phase circuit breaker size.

These customers are billed as follow:-

Three part tariff.

- (a) Fixed monthly charge (R/month).
- (b) Demand charge (R/kVA month – recovers capital costs elements).
- (c) Energy rate (c/kWh). The energy rate is charged at a single rate tariff per unit based on the number of kWh consumed.

### ***Farm Properties (Agricultural)***

These customers are billed as per the tariffs applicable which have been determined by the Council by special agreement with a specific group of farmers in the past.

### ***Streetlights***

A Fixed monthly charge (R/month) and an Energy rate (c/kWh) will be applied per streetlight metering point.

### ***Special Arrangements***

Other tariffs may be applicable which has been determined by the Town Electrical Engineer or Council by special agreement with specific Clients. This will only be considered when special circumstances prevail.

### ***Departmental***

The respective Commercial and Bulk Supply tariffs as per Item No's 9.2 and 9.3 above will be applicable to all municipal buildings, pump stations, waste water works, water treatment works, etc.

### ***Electricity sundry tariffs***

All other electricity related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

### ***WATER TARIFF POLICY***

A decision to equalise tariffs was already taken in 2001 by Council. This resolution was never implemented to date. On 1 July 2011 this resolution will be implemented with no phase in process. Tariffs below have therefore been determined taking this resolution account.

### ***Domestic /Commercial /Business /Accommodation Establishments***

Customers are billed as follow:-

An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.

A basic charge is payable on all properties that are connected to the water network based on the size of the water connection, regardless of whether any water is used.

Registered Indigents receive their basic levy for water either fully or 50% subsidised every month, as determined by Council on an annual basis.

Registered Indigents receive an amount of water fully subsidised every month, as determined by Council on an annual basis.

Installation of prepaid water meters are only allowed for registered indigents and in approved low cost housing schemes.

Customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage in the following blocks:-

- (a) 1 to 6 kl – Registered Indigent Domestic Customers Only

- (b) 7 to 15 kl - Registered Indigent Domestic Customers Only
- (c) 1 to 15 kl – All Non-Indigent Registered Domestic Customers/Commercial/  
Business/ Accommodation Establishments

- (d) 16 to 30 kl -All Domestic/Commercial/Business/Accommodation Establishments
- (e) 31 to 40 kl -All Domestic/Commercial/Business/Accommodation Establishments
- (f) 41 to 50 kl -All Domestic/Commercial/Business/Accommodation Establishments
- (g) 51 to 70 kl -All Domestic/Commercial/Business/Accommodation Establishments
- (h) 71 kl and above - All Domestic/Commercial/Business/Accommodation Establishments.

### ***Old Age Homes/Schools***

Customers are billed as follow:-

An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.

A basic charge is payable on all properties that are connected to the water network based on the size of the water connection, regardless of whether any water is used.

Customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage in the following blocks:-

- (a) 1 to 70kl
- (b) 70 to 90kl
- (c) 91kl and above

### ***All other Customers***

All other customers are billed as follow:-

An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.

A basic charge is payable on all installations, based on the size of the water connection.

Customers are billed for consumption at a fixed tariff per kilolitre based on the number of kilolitres consumed.

### ***Special Arrangements***

Where two or more dwellings/ flats/ offices are feeding from one main connection to a property, the customers are billed as follow:-

A basic charge is payable on all properties that are connected to the water network based on the size of the smallest water connection (20mm), regardless of whether any water is used.

Customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage as per 10.1.1.6)

### ***Water Delivery in Rural Areas***

Customers are billed as follow:-

A fixed predetermined amount will be charged per kilometre to cover the transport.

The actual man hour cost to cover the total cost of employment.

The actual cost of the water based on the applicable tariff for purified or raw water as charged for all other customers (see 10.2.1.3).

A surcharge of 20% on the total cost of the transaction.

### ***Water Restrictions***

The availability of bulk water resources will be monitored throughout the year by Council.

When so required, Council will take a resolution to implement water restrictions.

Any penalties payable on water consumption as a result of water restrictions will be implemented in the month following the Council resolution; regardless of the meter reading dates (water consumed prior to the resolution date may therefore also be subject to penalties).

### ***Water Sundry Tariffs***

All other water related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

### ***REFUSE TARIFF POLICY***

#### ***Refuse Removal Tariffs***

The fees for refuse removal are based on the category of property as determined in the valuation roll.

The Council has determined the following categories for refuse removal:-

Residential (domestic customers) – maximum of one removal per week.

Accommodation Establishments - maximum of one removal per week.

Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week.  
Businesses situated in residential areas will only be serviced once a week.

Business/ Commercial/ Industrial (Bulk) - maximum of three removals per week.



Business/Commercial/Industrial (Bulk) - four or more, with a maximum of seven removals per week.

Additional removals – More than the maximum removals as per 11.1.2.1 – 11.1.2.4.

Special tariff arrangements determined and approved by Council from time to time for specific developments. In terms of the current arrangements, all developments with ten or more units that have created a central collection point for refuse will qualify for a reduced tariff as determined by Council on an annual basis.

Registered Indigents receive their refuse removal service either fully or 50% subsidised every month, as determined by Council on an annual basis.

### ***Refuse Removal Sundry Tariffs***

All other refuse removal related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

## ***SEWERAGE TARIFF POLICY***

### ***Waterborne Sewerage Systems***

An availability charge is payable on all properties where a connection to the sewer network is possible, but not in use.

The Council charges a monthly fee per property based on the size of the water connection for all properties.

Registered Indigents receive their basic levy for sewerage service either fully or 50% subsidised every month, as determined by Council on an annual basis.

### ***Septic Tanks/ French Drains***

A basic charge is payable on all installations.

Customers in an area serviced through a waterborne sewerage network who prefer not to connect to such a service but remain with a septic tank or french drain will be charged the monthly basic tariff for a 50mm water connection and not the basic charge for septic tanks.

The Council charges a fixed fee per withdrawal.

Vacant stands in an area serviced through septic tanks or french drains will pay an availability charge which is equal to the basic tariff for septic tanks.

The subsidy for registered indigents will also be applicable to qualifying indigents with no waterborne sewerage but serviced through septic tanks. The subsidy will be restricted to the basic levy for septic tanks as well as one withdrawal per month.

### ***Withdrawal of Septic Tanks/ French Drains in Rural Areas***

Customers are billed as follow:-

A fixed predetermined amount will be charged per kilometre to cover the transport.

The actual man hour cost to cover the total cost of employment.

The actual cost of one withdrawal (see 12.2.2).

A surcharge of 20% on the total cost of the transaction.

### ***Special Arrangements***

Where two or more dwellings/ flats/ offices are feeding from one main connection to a property, the customers are billed as follow:-

A basic charge is payable on all properties that are connected to the sewerage network based on the size of the smallest water connection (20mm).

### ***Sewerage sundry tariffs***

All other sewerage related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

## ***PROPERTY TAX POLICY***

### ***Property Tax Tariffs***

Property rates are levied as determined by Council from time to time and is covered in the Property Rates Policy and Bylaw of the Hessequa Municipality.

### ***Property Tax Sundry Tariffs***

All other property tax related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

## ***SUNDRY TARIFFS***

A variety of sundry tariffs are applied to recoup costs of sundry services to the public. All such tariffs are based on cost of supply, but individual tariffs may be set at:-

Subsidised levels;

Levels reflecting actual cost; or

Levels producing profits.

The level at which the Council sets a sundry service tariff, takes into account factors such as:-

Affordability;

Socio-economic circumstances;

Utilisation of amenities and resources;

National and regional agreements and provisions; and

Any other factors influencing such decisions.

Sundry tariffs and structures will be revised at least once a year, during the annual budgeting process.

*IMPLEMENTATION AND REVIEW OF THIS POLICY*

This policy shall be implemented once approved by Council. All future tariff charges must be considered in accordance with this policy.

In terms of section 17(1)(e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

**HESSEQUA  
MUNISIPALITEIT**

**BATEBESTUURSBELEID**

## **BATEBESTUURSBELEID:**

### **MUNISIPALITEIT HESSEQUA**

#### *INHOUDSOPGAWE*

- 1. AANHEF**
- 2. WOORDOMSKRYWINGS**
- 3. DOELWITTE**
- 4. OMVANG VAN BELEID**
- 5. REKENPLIGTIGE BEAMPTE**
- 6. VERKRYGING VAN BATES**
- 7. ERKENNING VAN EIENDOM, AANLEGTE & MASJINERIE  
IN DIE FINANSIËLE STELSEL**
- 8. INSTANDHOUDING VAN NIE-BEDRYFSBATEREGISTER**
- 9. OORDRAG VAN BATES**
- 10. VERSEKERING**
- 11. AFSKRYWE VAN BATES**
- 12. VERKOOP VAN BATES**
- 13. PROSEDURES**



# 14. KORT TITEL

## DIE BATEBESTUURSBELEID

### MUNISIPALITEIT HESSEQUA

#### ***AANHEF***

- 1.(1) **Nademaal** artikel 14(1) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuurswet 2003 (Wet 56 van 2003); bepaal dat 'n munisipale raad nie bates wat vir die voorsiening van die minimum vlak van basiese munisipale dienste benodig word mag vervreem nie.
- (2) **En nademaal** die munisipale raad van die HessequaMunisipaliteit begerig is om 'n beleid te aanvaar wat leiding aan die munisipale bestuurder in die bestuur van die bates van die munisipaliteit kan gee.
- (3) **En nademaal** die munisipale bestuurder as kurator van munisipale fondse en bates verantwoordelik is vir die implementering van die batebestuursbeleid wat die verkryging, bewaring en onderhoud van alle bates reguleer.
- (4) **En nademaal** hierdie bates gedurende die hele lewenssiklus waarin dit produktief aangewend kan word, sodanig beskerm moet word dat dit gebruik kan word vir die verskaffing en produsering van goedere en dienste of vir administratiewe doeleindes.
- (5) **Nou derhalwe** aanvaar die Munisipale Raad van die Munisipaliteit Hessequa die volgende batebestuursbeleid:

## WOORDOMSKRYWING

- 2.(1) *Beleggingseiendomme* is eiendom wat aangeskaf word vir ekonomiese en kapitaalgroei. Voorbeelde is sakekantoorterreine, kantoorgeboue en onontwikkelde grond aangeskaf met die doel om dit in die toekoms te verkoop.
- (2) *Billike waarde* is die bedrag waarvoor 'n bate verhandel kan word tussen ingeligte, gewillige en onafhanklike partye in 'n ooreenkoms sonder bevoorregting.
- (3) *Depresieerbare bedrag* is die koste van 'n bate of 'n ander bedrag ter vervanging van koste aangetoon in die finansiële state minus die inherente waarde.
- (4) *drabedrag* beteken die bedrag waarteen 'n bate in die staat van finansiële posisie, na aftrekkings van die geakkumuleerde waardevermindering daarvan, ingesluit word.
- (5) *Eiendom, aanlegte en toerusting* is tasbare bates wat:-
- deur die munisipaliteit gebruik word vir die produksie of verskaffing van goedere en dienste of om aan ander te verhuur of vir administratiewe doeleindes te gebruik; en
  - na verwagting gebruik sal word vir meer as een tydperk.
- (6) *Gemeenskapsbates* is bates wat bydra tot die lewensgehalte van die gemeenskap. Voorbeelde is parke, biblioteke en brandweerstasies.

- (7) *Hoof- Finansiële Beampte* beteken die beampte van 'n munisipaliteit aangestel deur die munisipale bestuurder om administratief aan die hoof te wees van die begrotings en tesourie funksies.
- (8) *Infrastruktuurbates* is bates wat deel is van 'n netwerk of soortgelyke bates. Voorbeelde is paaie, waterverspreidingskemas, rioolsuiwering en hooftoevoerpyppe, vervoereindpunte en motorparkeerplekke.
- (9) *Inherent waarde* is die netto bedrag wat die munisipaliteit verwag om te verkry wanneer 'n bate aan die einde van sy nutstydperk verkoop word, na aftrekking van die koste van vervreemding.
- (10) *Koste* is die bedrag kontant of gelykstaande aan kontant wat betaal is of die billike waarde van 'n ander teengif wat gegee is om 'n bate aan te skaf ten tyde van die aanskaffing of konstruksie daarvan.
- (11) *Kulturele bates* is hulpbronne/bates van kulturele belang wat kan insluit: esteties, argitektonies, geskiedkundig, wetenskaplik, sosiaal, geestelik, taalkundig of tegnologiese waarde, of belang, kunswerke, historiese geboue en standbeelde.
- (12) *Nie-bedryfsbates* is bronne wat deur die munisipaliteit beheer word as gevolg van voorafgaande gebeurlikhede en waarvan daar toekomstige ekonomiese voordele of dienste sal vloei.
- (13) *Nutstydperk* is:-
- die tydperk waarbinne verwag word dat die bate deur die munisipaliteit gebruik word; en
  - die aantal produksie of soortgelyke eenhede wat verwag word om van die bate verkry te word, soos bepaal deur die munisipaliteit se rekenpligtige beampte.

- (14) *Onroerende bates* is bates wat in die naam van die munisipaliteit geregistreer is en sluit ook 'n reg wat oor die bates geregistreer is in.
- (15) *Onverdeelbare reserwes* is reserwes wat nie aangewend kan word vir enige ander doel as waarvoor dit gestig is nie.
- (16) *Rekenpligtige beampte* beteken die munisipale bestuurder wat aangestel is ingevolge artikel 82 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998 (Wet 117 van 1998) as die hoof van die administrasie en as rekenpligtige beampte in terme van artikel 60 van die Wet op Plaaslike Bestuur: Munisipale Stelsels 2000 (Wet No. 32 van 2000).
- (17) *Roerende bates* is bates gebruik gedurende normale ondernemings/bedrywighede. Voorbeelde is aanlegte en masjinerie, motorvoertuie, meubels en toebehore.
- (18) *Verhaalbare bedrag* is die bedrag wat 'n munisipaliteit verwag om terug te vorder deur die toekomstige gebruik van bates, insluitende die inherente/oorblywende waarde met verkope.
- (19) *Waardevermindering* is die sistematiese aanwending van die depresseerbare bedrag van 'n bates oor die gebruikstydperk daarvan.

## DOELWITTE

3. Die doel van die beleid is om werkprosedures vir die bestuur van bates voor te skrywe.

## OMVANG VAN DIE BELEID

4. Die beleid het betrekking op:-

- die rekenpligtige beampte;
- die verkryging van bates;
- die teboekstelling van bates;
- die instandhouding van bates;
- die oordrag van bates;
- die versekering van bates;
- afskrywe van bates;
- die verkoop van bates;
- werkprosedures.

## **REKENPLIGTIGE BEAMPTTE**

- 5.(1) Die munisipale bestuurder, as rekenpligtige beampte is verantwoordelik vir die bestuur, insluitende die beveiliging en onderhoud van alle bates van die munisipaliteit, op 'n ekonomiese, doeltreffende en effektiewe wyse.
- (2) Die munisipale bestuurder mag die verantwoordelikheid wat op hom/haar geplaas word, delegeer aan enige beampte wat direk aan hom/haar verantwoordingspligtig is.

## **VERKRYGING VAN BATES**

- 6.(1) Die munisipaliteit mag onroerende bates verkry deur die koop, verhuringskontrak of huur daarvan binne of buite 'n munisipale gebied.
- (2) Alvorens finaal besluit word of onroerende bates gekoop of gehuur gaan word, moet die voorneme van die munisipaliteit in terme van die gedelegeerde bevoegdhede adverteer word.
- (3) Na die oorweging van enige besware, indien ingedien ingevolge 'n kennisgewing bedoel in paragraaf 6(2) hierbo, moet die raad:-

- in die geval van onroerende bates bedoel in paragraaf 6(4), voldoen aan die vereistes in daardie paragraaf; en
  - mag die Raad in geval van ander onroerende bates, finaal besluit of die onroerende bates gekoop of gehuur sal word.
- (4) Die munisipaliteit sal nie sonder die vooraf goedkeuring van die raad voortgaan om onroerende bates te huur of te koop nie:-
- waar sulke bates gekoop word teen 'n prys hoër as die markwaarde daarvan soos bepaal deur 'n geswore waardeerder; en
  - wat gehuur word teen 'n huur wat, wanneer dit bereken word per jaar, in die geval van:-
    - onroerende bates gehuur vir landboudoeleindes, 6% van die markwaarde van die eiendom oorskry nie;
    - onroerende bates gehuur vir enige ander doeleindes, 12% of die markwaarde van die eiendom soos bepaal deur 'n waardeerder, oorskry nie; en
    - waar besware aangeteken is ingevolge 'n kennisgewing bedoel in 6(2) hierbo.
- (5) Die raad mag 'n skenking of oordrag van onroerende bates ontvang óf in totale eiendomsreg vir die munisipaliteit óf in trust vir 'n liefdadigheid of 'n ander openbare doel wat nie te make het met godsdiensoefening nie, en die bate in trust hou vir die doel soos wat verklaar word deur die skenkers en mag dit administreer, gebruik en verbeter.
- (6) Die trustees van enige onroerende goed gehou in trust vir enige dorp of nedersetting wat sedertdien 'n munisipaliteit geword het of deel geword het van 'n munisipaliteit mag dit oordra aan die munisipaliteit onderworpe aan spesiale trust in die titelaktes en op voorwaardes wat nie daarmee teenstrydig is nie.

- (7) Alle verkryging van bates moet geskied ingevolge die begrotings- en verkrygingsvoorskrifte.
- (8) Die bateregister moet nadat die projekte voltooi is of bates in ontvangs geneem is opgedateer word vir alle verkrygings van roerende en onroerende bates.
- (9) Die bateregister moet jaarliks gerekonsilieer word met die grootboek en die bronne van befondsing.

## ERKENNING VAN EIENDOM, AANLEGTE EN MASJINERIE IN DIE FINANSIËLE STELSEL

- 7.(1) 'n Item "Eiendom, Aanleg en Toerusting" (EAT) moet as 'n bate erken word, indien:
- dit waarskynlik is dat die toekomstige ekonomiese voordele of potensiële diensverskaffing wat met die bate saamhang die munisipaliteit sal toekom; en
  - die koste van die bate vir die munisipaliteit op 'n betroubare wyse meetbaar is.
- (2) 'n EAT-item wat kwalifiseer vir aanduiding as 'n bate, moet aanvanklik in die register erken word teen die koste daarvan.
- (3) Die koste van 'n EAT-item behels:-
- Koopprijs;
  - Invoerbelasting;
  - nie-terugbetaalbare koopbelasting; en

- direk toeskryfbare koste om die bate in 'n werkende toestand te kry vir die doel waarvoor dit aangewend moet word soos die koste van perseelvoorbereiding, afleweringkoste, hanteringskoste, installasiekoste en professionele fooie soos argiteksfooie en ingenieursfooie.
- (4) Indien betaling vir 'n EAT-item uitgestel word vir langer as die normale krediettermyn, is die koste daarvan die kontantprys-ekiwalent. Die verskil tussen hierdie bedrag en die totale betaling word erken as 'n rente-uitgawe vir die duur van die kredietverskaffing.
  - (5) Administratiewe en algemene koste is nie 'n komponent van die batekoste nie tensy dit direk toeskryfbaar is aan die verkryging van die bate of om die bate in 'n werkende toestand te kry.
  - (6) Wanneer 'n EAT-item verkry word om uitgeruil te word of om gedeeltelik uitgeruil te word vir 'n nie-soortgelyke EAT-item of 'n ander bate, word die koste van so 'n item gemeet teen die redelike waarde van die bate ontvang, wat gelyk is aan die billike waarde van die bate uitgeruil, soos aangepas met die bedrag van enige kontant of kontant-ekwivalent wat oordrag addisioneel oorbetaal is.
  - (7) Verdere uitgawes in verband met EAT-items wat alreeds gekapitaliseer is, moet bygevoeg word tot die drabedrag van die bate, indien dit waarskynlik is dat die toekomstige ekonomiese voordele of potensiele dienslewering meer sal wees as die oorspronklik-geëvalueerde prestasievlak van die bestaande bate.
  - (8) Alle ander daaropvolgende uitgawes moet erken word as uitgawes in die tydperk waarbinne dit aangegaan is.



- (9) Wanneer 'n EAT-item herwaardeer word, moet die hele kategorie van eiendom waarbinne dit sorteer, herwaardeer word.
- (10) Wanneer die drabedrag verhoog word as gevolg van herwaardasie, moet die verhoging gekrediteer word direk tot die onverdeelbare reserwes van die munisipaliteit.
- (11) Wanneer die drabedrag van 'n bate verminder as gevolg van waardevermindering, moet sodanige verlaging erken word as 'n uitgawe in die jaarlikse finansiële state.
- (12) 'n EAT-item moet van die staat van finansiële posisie verwyder word by wegdoening of wanneer die bate permanent onttrek word van gebruik en mee weggedoen word en geen toekomstige ekonomiese voordeel of potensiële dienslewering daarvan verwag kan word nie.
- (13) Winste of verliese voortspruitend uit die afskryf van of wegdoening met 'n EAT-item moet bepaal word as die verskil tussen die werklike of geskatte netto vervreemdingsopbrengs en die drabedrag van die bate, en moet erken word as 'n inkomste of 'n uitgawe in die inkomstestaat.
- (15) Alle bates wat vir beleggings doeleindes gehou word moet jaarliks gewaardeer word en die bateregister en finansiële state moet met die nuwe waarde aangepas word.
- (16) Koste en herwaardasies wat na beskadiging soos omskrywe in gedeelte 8(4) aangegaan en gedoen word moet in die bateregister en finansiële state aangeteken word.

(17) Waar die munisipaliteite bates deur middel van verhuringskontrakte verkry en die bate na die munisipaliteit aan die einde van die verhuringsperiodes terugval sal die volgende beginsels geld:

- (a) Die bate sal in die staat van finansiële posisie teen die kapitaalwaarde van die verhuringskontrak aangetoon word.
- (b) Die verhuringsbedrag sal as 'n eksterne lening onder 'n subhoof verhuring aangetoon word.
- (c) Toepaslike notas wat die waarde van die bate en verhuringskontrak aantoon sal in die staat van finansiële posisie ingesluit word.
- (d) Bates sal oor nuttige lewensydperk en in terme van die riglyne van Nasionale Tesourier en stelling 17 van GRAP gedeprešieer word.
- (e) Verhuringspaaielemente sal as 'n uitgawe in die staat van finansiële prestasie gereflekteer word.
- (f) 'n Sertifikaat, wat die uitstaande kapitaalwaarde soos op 30 Junie van elke jaar aantoon, sal vir elke verhuring van die toepaslike finansiële instelling aangevra word.
- (g) Die verskil tussen die begin en jaareind waardes wat in die aangevraagde sertifikate aangetoon sal as 'n kapitale terugbetaling in die finansiële state gereflekteer en teen die uitgawepos in die staat van finansiële prestasie gekrediteer word.
- (h) Die verskil tussen die jaarlikse kapitaal terugbetalings en depresiasiekostes sal as 'n uitgawe of inkomste in die jaarlikse begroting voorsien word.

## **INSTANDHOUDING VAN NIE-BEDRYFSBATEREGISTER**

8. (1) 'n Nie-bedryfsbatereregister moet instandgehou word deur rekord te hou van alle Kategorieë van EAT geklassifiseer onder 'n kategorie van infrastruktuur-, gemeenskaps-, kulturele-, beleggings- en ander bates.

- (2) Minstens die volgende besonderhede moet op die nie-bedryfsbateregister verskyn:-
- beskrywing van bate;
  - bateklassifikasie;
  - amptenaar verantwoordelik vir bate;
  - datum aangeskaf;
  - waar bate geleë is;
  - bate identifikasienommer;
  - aankoopprys of oorspronklike koste;
  - bron van befondsing;
  - herevaluering datum en herwaardeerde waarde;
  - beskadigingskoste;
  - geakkumuleerde beskadigingskoste;
  - vervreemding;
  - verkoopprys;
  - waardevermindering.
- (3) In samewerking met die Hoof Finansiële Beampte en Interne Ouditeur moet die Hoofde van Departemente jaarliks 'n fisiese bateinspeksie reël.
- (4) Gedurende die inspeksie soos voorsien in 8(3) moet alle bates vir moontlike beskadiging geïnspekteer word moet die effek wat die beskadiging op die nuttige lewe van die bate sal hê vasgestel word.
- (5) Waar beskadiging, wat 'n effek op die nuttige lewensduur van die bate sal hê, vasgestel is moet die Hoof van die Departement bepaal of die bate geskraap en afgeskryf of herstel moet word.
- (6) Beramings van die beskadigingskoste moet gemaak en in die jaarlikse begroting ingesluit word.

- (7) Nadat die jaarlikse bateinspeksie soos in 8(3) uitgevoer is moet die munisipale bestuurder jaarliks 'n sertifikaat uitreik en aan die raad voorlê wat aandui dat die bestaan van nie-bedryfsbates bevestig is en dat dit gekontroleer is teenoor die bateregister.
- (8) Bates sal oor nuttige lewensydperk en in terme van die riglyne van Nasionale Tesourier en stelling 17 van GRAP gedepresieer word.
- (9) Wanneer die depresiasiekoste soos oorweeg in seksie 8(8) minder is as die kapitaalonkoste (rente en delging) van bates wat aan eksterne lenings gekoppel is moet daar in die bedryfsbegroting vir die verskil tussen depresiasie en kapitaalonkoste voorsiening gemaak word.
- (10) Die totale jaarlikse depresiasie koste soos verkry vanuit die bate-register, moet ingesluit word as 'n uitgawe in die munisipale bedryfsbegroting.
- (11) Wanneer bates verkoop word, vervreem word of oorgedra word, of aangeskaf word:-
- moet die nie-bedryfsbateregister opgedateer word; en
  - moet die joernaalinskrywings verwerk word om die koop, verkoop, oordrag of aanskaffingproses te registreer.

## **OORDRAG VAN BATES**

- 9.(1) Wat betref die oordrag van bates tussen departemente en/of standplase, moet 'n lys in stand gehou word wat die relevante besonderhede aantoon, in ooreenstemming met die bateregister.
- (2) Die lys moet goedgekeur word deur die hoof van die departement wat die oordrag bewerkstellig.
- (3) Die ontvangende departement moet bevestig dat die bates oorgedra is.

## **VERSEKERING**

- 10.(1) Die munisipale bestuurder moet jaarliks, nadat die risiko van skade in ag geneem is, 'n verslag aan 'n toepaslike komitee van die raad voorlê wat aandui wat verseker word en die kostes daarvan.
- (2) Die risiko-evaluering moet gegrond wees op 'n moontlike verlieswaarskynlikheidsanalise. Professionele bystand moet hiervoor verkry word indien benodig.
- (3) Versekering kan intern óf ekstern plaasvind, en dekking moet gebaseer word op die verlieswaarskynlikheidsanalise.
- (4) Alle versekeringseise moet geëvalueer word deur 'n komitee van die raad of 'n beampte belas met die verantwoordelikheid om vas te stel of die skade aan die bate geëis kan word van moontlike derde partye.
- (5) Alle versekeringseise moet aangeteken word in die versekeringsregister.
- (6) Alle uitstaande versekeringseise moet maandeliks oor verslag gedoen word aan die Burgemeesterskomitee.

## **AFSKRYWE VAN BATES**

- 11.(1) Die munisipale raad kan 'n bate afskrywe nadat die raad 'n verslag van die munisipale bestuurder of sy/haar gedelegeerde oorweeg het wat aandui dat:-
- die bruikbare leeftyd van die bate verstryk het;
  - die bate vernietig is;
  - die bate verouderd is;
  - die bate verkoop is;

- aanvaarbare redes vir die omstandighede soos beskrywe in gedeeltes hierbo verskaf is.
- (2) Indien 'n bate as gevolg van omstandighede buite die beheer van die munisipaliteit beskadig of vernietig is moet die munisipale bestuurder of sy/haar gedelegeerde vasstel of 'n derde party of 'n munisipale amptenaar aanspreeklik was en of die munisipaliteit enige verhaalsreg teenoor die derde party of amptenaar het.
- (3) 'n Bate word teen die opgehoopte surplus afgeskrywe teen die waarde soos uiteengesit in die bateregister van die munisipaliteit minus enige moontlike opbrengs ontvang.
- (4) Alle bates wat vir afskrywing geoormerk is moet in terme van die bepalings in seksie 12 verkoop word.

## **VERKOOP VAN BATES**

- 12.(1) Alle bates wat vir afskrywing geoormerk is moet per openbare veiling of tender verkoop word nadat die volgende stappe geneem is:-
- 'n kennisgewing van die voorneme van die munisipaliteit om die bate te verkoop in die plaaslike pers gepubliseer is;
  - die munisipaliteit 'n onafhanklike waardeerder in die geval van tenderverkope aangestel het om 'n minimum verkoopprijs vas te stel;
  - in die geval van 'n openbare veiling die munisipaliteit 'n onafhanklike afslaer aangestel het om die veiling waar te neem; en
  - in die geval van 'n openbare tender die voorgeskrewe tender-prosedures nagekom is.
- (2) Kapitaal ontroerende bates kan slegs verkoop word nadat die bepalings van artikel 14 en 96 van die Munisipale Finansiële Bestuurswet nagekom is.

## PROSEDURES

- 13.(1) Alle bates sal in 'n bateregister deur 'n bate kontrole afdeling, wat in die departement van die hoof finansiële beampte gesetel is, aangeteken word.
- (2) Die bate kontrole seksie moet **binne 7 dae** in kennis gestel word van enige beweging wat plaasgevind het en wat die status van bates wat aan 'n departement toevertrou is, geaffekteer het. Dit sluit in:-
- nuwe aankope;
  - donasies ontvang;
  - byvoegings/verbeterings;
  - departementeel vervaardigde items;
  - veilings;
  - verlore en beskadigde bates;
  - oorplasings; en
  - bedankings.
- (3) Vir elke nuwe aankope sal elke departement 'n voltooide bate aankoopvorm (Bylae "B") voltooi en na die bate kontrole seksie aanstuur.
- (4) Waar 'n bate aan die munisipaliteit geskenk word of 'n bate departementeel vervaardig word sal die item teen markwaarde, of teen 'n waarde wat deur die hoof finansiële dienste bepaal is, in die bateregister aangetoon word.
- (5) 'n Bate aankoopvorm (Bylae "B") moet deur die departement voltooi word vir elke bate wat in terme van seksie 13(4) geskep is.
- (6) Die wegdoen van bates en goedere sal in terme van die voorwaardes wat in seksie 11 beskrywe is onderworpe aan die volgende prosedures gedoen word:-

- a) alle items wat as onbruikbaar verklaar of wat afgeskrywe moet word moet veilig bewaar word totdat die veiling plaasvind of tenderproses afgehandel is;
  - b) geen items sal vervang word sonder dat 'n bate vervangingsvorm (Bylae "A") by die bate kontrole seksie ingehandig is wat die redes vir die vervanging en status van die bate beskrywe;
  - c) die hoof finansiële beampte of sy genomineerde sal 'n lys opstel van alle ongebruikte items ten einde departemente in staat te stel om items te identifiseer en te bekom wat deur die departemente gebruik kan word;
  - d) na die proses in 13 (6)(c) afgehandel is sal die hoof finansiële beampte of sy genomineerde tesame met die hoof interne oudit 'n lys vir goedkeuring deur departementshoofde opstel van alle items wat opgeveil moet word;
  - e) die uitvoering van item 13 (6)(d) sal onderhewig wees aan die volgende kriteria:-
    - (i) *Voertuie en toerusting* – Die beampte in beheer van die munisipale vloot moet die afskrywe van voertuie en toerusting magtig.
    - (ii) *Rekenaars* - Die beampte in beheer van die rekenaarafdeling moet die afskrywe van rekenaartoeusting magtig.
    - (iii) *Ander items* – Alle ander items wat nie benut kan word nie en vir afskrywing kwalifiseer moet deur die bepaalde departements-hoof gemagtig word.
    - (iv) *Ongebruikte items* - Items wat nog bruikbaar is maar nie deur enige departement benodig word nie moet na die store afdeling vir veilige bewaring oorgeplaas word.
- (7) Alle inventaris items wat verlore geraak het of beskadig is, moet aan die bate kontrole seksie gerapporteer word.



- (8) Die vervanging van enige inventaris item sal as 'n nuwe aankope gehanteer word en sal slegs geskied na voltooiing van 'n bate vervangingsvorm.
- (9) By die bedanking van 'n amptenaar moet die departementshoof of sy genomineerde 'n sertifikaat uitreik dat alle bates wat aan die amptenaar toevertrou is in 'n bevredigende werkende toestand is en ingehandig is.
- (10) Die sertifikaat wat in terme van seksie 13(9) voltooi is, sal na die menslike hulpbron afdeling gestuur word wat 'n uitklaringssertifikaat vir betaalstaattoeleindes sal uitreik.

## **KORT TITEL**

- 14. Hierdie beleid sal bekend staan as die Batebestuursbeleid van die Munisipaliteit. Hessequa.

BYLAE "A"

**MUNISIPALITEIT HESSEQUA  
BATE BEWEGINGSVORM  
ALGEMENE INLIGTING**

**Tipe bate beweging wat aangeteken moet word (dui aan met X)**

Bate Oordrag: Inter-departementeel		Bate Uitgedien / Beskadig / Afgeskryf	
Bate Oordrag: Ongebruikte Item na Store		Bate om Afgeskryf te word a.g.v. Verlies (Inbraak / Diefstal)	

**Basiese Bate-inligting**

**Batebeskrywing**

1	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
2	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
3	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
4	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
5	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
6	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
7	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
8	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
9	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		
10	Huidige Bate Nommer		Kamer Nr Vanaf		Kamer Nr Na		

**GOEDKEURING VAN TRANSAKSIE:  
LYNBESTUURDER**

Naam

Handtekening

Titel

Datum

**INLIGTING PER TRANSAKSIE TIPE**

**Oordragte:**

Toestand van Bate soos Ontvang	Bevestiging van Ontvangs	Datum
	Naam Handtekening Titel	

**Uitgedien /Afgeskryf / Verlore of Beskadig:**

**Alle items as uitgedien of vir afskrywing goedgekeur moet by store ingehandig word**

Toestand van Bate soos Ontvang	Bevestiging van Ontvangs	Datum
	Naam Handtekening Titel	

**SLEGS VIR KANTOORGEBRUIK - FINANSIES**

Datum Ontvang:

Datum Verwerk:

Ontvang Deur:	Verwerk Deur:
Opmerkings:	

BYLAE "B"

**MUNISIPALITEIT HESSEQUA  
BATE AANKOOPVORM  
ALGEMENE INLIGTING**

**Tipe bate beweging wat aangeteken moet word (dui aan met X)**

Nuwe Bate: Aankoop	Nuwe Bate: Skenking
--------------------	---------------------

**INLIGTING PER TRANSAKSIE TIPE**

<b>Aankope / Skenkings:</b>						
Item Nr	Posnommer Gebruik	Datum van Aankope	Getal	Beskrywing van Bate	Standplaas van Bate	Eenheidsprys
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						

<b>GOEDKEURING VAN TRANSAKSIE: LYNBESTUURDER</b>	Naam	Handtekening	Titel	Datum

<b>SLEGS VIR KANTOORGEBRUIK - FINANSIES</b>	
Datum Ontvang:	Datum Verwerk:
Ontvang Deur:	Verwerk Deur:
Opmerkings:	

# HESSEQUA MUNICIPALITY



# CASH MANAGEMENT & INVESTMENT POLICY



# INDEX

PART 1:	LEGAL COPLIANCE
PART 2:	OBJECTIVE OF INVESTMENT POLICY
PART 3:	EFFECTIVE CASH MANAGEMENT
	3.1 Cash Collection
	3.2 Payments to Creditors
	3.3 Management of Inventory
	3.4 Cash Management Programme
PART 4:	INVESTMENT ETHICS
PART 5:	INVESTMENT PRINCIPLES
	5.1 Limiting Exposure
	5.2 Risk and Return
	5.3 Payment of Commission
	5.4 Call Deposits and Fixed Deposits
	5.5 Restriction on Tenure of Investments
PART 6:	CONTROL OVER INVESTMENTS
PART 7:	OTHER EXTERNAL INVESTMENTS
PART 8:	BANKING ARRANGEMENTS
PART 9:	RAISING OF DEBT
PART 10:	INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES
PART 11:	INTEREST ON INVESTMENTS
PART 12:	ANNEXURE I: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003
PART 13:	ANNEXURE II: CODE OF PRACTICE

---

## PART 1. LEGAL COMPLIANCE

The Council shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

This policy must be read with the M FMA and the regulations promulgated under the Act.

A paraphrase of the provisions of this Act and the regulations are attached as Annexure I to this policy.

## PART 2. OBJECTIVE OF INVESTMENT POLICY

The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

## PART 3. EFFECTIVE CASH MANAGEMENT

### 3.1 Cash Collection

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.

The respective responsibilities of the chief financial officer and other heads of departments in this regard is defined in a code of financial practice approved by the municipal manager and the chief financial officer, and this code of practice is attached as Annexure II to this policy.

The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

### 3.2 Payments to Creditors

The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality.

The chief financial officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the chief financial officer determines that there are financial incentives for the municipality to do so.

The chief financial officer shall not ordinarily process payments, to a creditor, more than once in each calendar month, such processing to take place on or about the due date specified in the account. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques.

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at intervals approved by the chief financial officer.

Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

### 3.3 Management of Inventory

Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

---

### 3.4 Cash Management Programme

The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will *have* to be liquidated, and when - if applicable - either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated.

The chief financial officer shall report to the *executive* mayor on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any *movements* in respect of the municipality's investments, together with appropriate details of the investments concerned.

---



#### PART 4. INVESTMENT ETHICS

The chief financial officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the chief financial officer, shall at all times *have* only the best considerations of the municipality in mind, and, shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.

No official involved in the investment process may accept any gift, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

**Investment and/or Asset Fund Managers may be appointed to assist with the placing of investments, or to manage a portion of the investment portfolio in order to maximize interest earned without jeopardizing liquidity. The appointment with these service providers must be done in accordance with the Supply Chain Management Policy of Council.**

**The mandate of such Asset Managers must be in accordance with paragraph 6 of the Municipal Investment Regulations no. R 308.**

#### PART 5. INVESTMENT PRINCIPLES

##### 5.1 Limiting Exposure

Where large sums of money are available for investment the chief financial officer shall ensure that they are invested with not more than 50% of the investment portfolio on the day of the investment with one institution, wherever practicable, in order to limit the risk exposure of the municipality. The chief financial officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is *covered* (that is, call, money market and fixed deposits).

##### 5.2 Risk and Return

Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the *average* risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 6. below).

##### 5.3 Payment of Commission

**(1) No fee, commission or other reward may be paid to a councillor or official of a municipality or to a director or official of a municipal entity or to a spouse or close family member of such councillor, director or official in respect of any investment made or referred by a municipality or municipal entity.**

**(2) If an investee pays any fee, commission or other reward to an investment manager in respect of any investment made by a municipality or municipal entity, both the investee and the investment manager must declare such payment to the council of the municipality or the board of directors of the municipal entity by way of a certificate disclosing full details of the payment.**

##### 5.4 Call Deposits and Fixed Deposits

Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three financial institutions.

Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Once the best investment terms *have* been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the chief financial officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

##### 5.5 Restriction on Tenure of Investments

No investment with a tenure exceeding *twelve* months shall be made without the prior approval of the *executive* mayor.

---

## 5.6 Permitted investments

A council may invest funds only in any of the following investment types as may be appropriate to the anticipated future need for the funds:

- a) securities issued by the national government;
- b) listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
- c) deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984);
- e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
- f) banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;
- g) guaranteed endowment policies with the intention of establishing a sinking fund;
- h) repurchase agreements with banks registered in terms of the Banks Act, 1990;
- i) municipal bonds issued by a municipality; and
- j) any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

## PART 6. CONTROL OVER INVESTMENTS

The chief financial officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The chief financial officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The chief financial officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe.

## PART 7. OTHER EXTERNAL INVESTMENTS

From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government, Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the chief financial officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.

No investment with a tenure exceeding *twelve* months shall be made without the prior approval of the *executive* mayor and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

## PART 8. BANKING ARRANGEMENTS

The municipal manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer. The municipal manager and chief financial officer are authorised at all times to sign cheques and any other documentation associated with the management of such accounts. The chief financial officer is authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the *executive* mayor on a monthly basis, as part of the report dealing with the municipality's investments.

One or more separate accounts shall also be maintained for purposes as may be prescribed by the Act. In determining the number of additional accounts to be maintained, the municipal manager, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The municipal manager shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the municipal manager, in consultation with the chief financial officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective.

## PART 9. RAISING OF DEBT

The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

---

## PART 10. INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES

In managing the municipality's investments, the chief financial officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the council at the time that the loan itself is approved.

If the loan raised is not a fixed term loan, but an annuity loan, the chief financial officer shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

## PART 11. INTEREST ON INVESTMENTS

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

In the case of the external finance fund, the chief financial officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.

If the accrual of interest to the external finance fund, unutilized capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and reappropriated to the asset financing reserve.

## PART 12. ANNEXURE I:

### PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003

#### SECTION 7: OPENING OF BANK ACCOUNTS

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

#### SECTION 8: PRIMARY BANK ACCOUNT

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

#### SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

#### SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The accounting officer of the municipality must administer all the municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

---

## SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11 (1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

## SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

## SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required. A municipality must establish an appropriate and *effective* cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

## SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- particulars of the municipality's investments.

## SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

## SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the

national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

#### SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

#### SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must payoff short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

#### SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

#### SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

#### SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the revenue of the municipality.

The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

#### SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

### PART 13: ANNEXURE II: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

#### 1. CONTRACTS: MANAGEMENT OF

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the executive mayor:

- o all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer or the head of department concerned; and
  - o all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of
-

## 2. PAYMENTS

- 2.1 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 2.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time decide on appropriate signatories.
- 2.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorized in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 2.4 The maximum amount and nature of petty cash disbursements, where not *covered* by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 2.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.

## 3. REVENUE AND CASH COLLECTION

- 3.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 3.2 The chief financial officer shall ensure that all revenues are properly accounted for.
- 3.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the chief financial officer in terms of the credit control policy of council.
- 3.4 The chief financial officer shall ensure that adequate provision is maintained to *cover* the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

---

# **MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY**

## **LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

**Date of adoption: 26 January 2006**

**Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the HESSEQUA MUNICIPALITY.**

### **TABLE OF CONTENTS**

- 4. **BANKING OF RECEIPTS**
    - 4.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.
    - 4.2 Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chief financial officer.
-

Preamble

1. Definitions

## **CHAPTER 1 IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

2. Supply Chain Management policy
3. Amendment of Supply Chain Management policy
4. Delegation of Supply Chain Management powers and duties
5. Subdelegations
6. Oversight role of council
7. Supply Chain Management units
8. Training of Supply Chain Management officials

## **CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM**

9. Format of Supply Chain Management system

### ***Part 1: Demand management***

10. System of demand management

### ***Part 2: Acquisition management***

11. System of acquisition management
  12. Range of procurement processes
  13. General preconditions for consideration of written quotations or bids
  14. Lists of accredited prospective providers
-



15. Petty cash purchases

16. Written or verbal quotations

17. Formal written price quotations

18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

19. Competitive bidding process

20. Process for competitive bidding

21. Bid documentation for competitive bids

22. Public invitation for competitive bids

23. Procedure for handling, opening and recording of bids

24. Negotiations with preferred bidders

25. Two-stage bidding process

26. Committee system for competitive bids

27. Bid specification committees

28. **Bid evaluation committees**

29. **Bid adjudication committees**

30. **Procurement of banking services**

31. Procurement of IT related goods or services

32. Procurement of goods and services under contracts secured by other organs of state

33. Procurement of goods necessitating special safety arrangements

34. **Proudly SA Campaign**

---

## 35. Appointment of consultants

- 36. Deviation from, and ratification of minor breaches of, procurement processes

## 37. Unsolicited bids

- 38. Combating of abuse of Supply Chain Management system

### *Part 3: Logistics, Disposal, Risk and Performance Management*

#### **39. Logistics management**

#### **40. Disposal management**

#### **41. Risk management**

#### **42. Performance management**

### *Part 4: Other matters*

#### **43. Prohibition on awards to persons whose tax matters are not in order**

#### **44. Prohibition on awards to persons in the service of the state**

#### **45. Awards to close family members of persons in the service of the state**

#### **46. Ethical standards**

## 47. Inducements, rewards, gifts and favours

#### **48. Sponsorships**

#### **49. Objections and complaints**

#### **50. Resolution of disputes, objections, complaints and queries**

#### **51. Contracts providing for compensation based on turnover**

#### **52. Commencement**

---

## **PREAMBLE**

The HESSEQUA MUNICIPALITY's Supply Chain Management policy seeks to promote an innovative form of targeted procurement, which will encourage socio-economic transformation within its region. The Supply Chain Management policy will empower the HESSEQUA MUNICIPALITY to continue to redress the skewed distribution of wealth.

The policy will achieve the above by providing employment opportunities to Historically Disadvantaged Individuals (HDI's) and disadvantaged communities, enabling socio-economic transformation objectives to be linked to fair, transparent, equitable, competitive and cost effective procurement practices.

The Preferential Procurement Policy Framework Act, 2000 and the Preferential Procurement Regulations have been used as a legal framework for developing the Supply Chain Management policy. The policy clarifies Procurement definitions, Implementation of Supply Chain Management and the Supply Chain Management System, at the HESSEQUA MUNICIPALITY.

The annexures to the policy contain appendices that are standard contract documentation, which must be completed by all consultants, contractors or any other service provider.

The guiding principles used in developing the HESSEQUA MUNICIPALITY Supply Chain Management policy were sourced from the following legislation:

- The Constitution of the Republic South Africa, 1996.
-

- The Preferential Procurement Policy Framework Act, No 5 of 2000.
- The Construction Industry Development Board Act, 2000 (Act No 38 of 2000)
- Local Government: Municipal Systems Act 32, 2002
- Broad-Based Black Economic Empowerment Act, No 53 of 2003
- Local Government: Municipal Finance Management Act (56/2003): Municipal Supply Chain Management Regulations
- The Municipal Finance Management Act, No. 56 of 2003

## **Definitions**

**1.** In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

**“competitive bidding process”** means a competitive bidding process referred to in paragraph 12 (1) (e) of this Policy;

---

**“competitive bid”** means a bid in terms of a competitive bidding process;

**“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;**

**“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this Policy;

**“in the service of the state”** means to be –

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

**“long term contract”** means a contract with a duration period exceeding one year;

---

**“list of accredited prospective providers”** means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

**“other applicable legislation”** means any other legislation applicable to municipal Supply Chain Management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

**“Treasury guidelines”** means any guidelines on Supply Chain Management issued by the Minister in terms of section 168 of the Act;

**“the Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**“the Regulations”** means the Local Government: Municipal Finance Management Act, 2003,

---

Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

**“written or verbal quotations”** means quotations referred to in paragraph 12(1)(b) of this Policy.

## **CHAPTER 1**

### **IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

#### **Supply Chain Management policy**

- 2.** (1) All officials and other role players in the Supply Chain Management system of the municipality must implement this Policy in a way that –
- (a) gives effect to –
    - (i) section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective;
  - (c) complies with –
-

- (i) the Regulations; and
- (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in Supply Chain Management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the municipality

–

- (a) procures goods or services;
  - (b) disposes goods no longer needed;
  - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
  - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
-



(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

## **Amendment of the Supply Chain Management policy**

**3. (1) The accounting officer must –**

- (a) at least annually review the implementation of this Policy; and**
- (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council.**

**(2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –**

- (a) ensure that such proposed amendments comply with the Regulations; and**
- (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.**

**(3) When amending this Supply Chain Management policy the need for uniformity in**

---

supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of Supply Chain Management systems for small businesses must be taken into account.

### **Delegation of Supply Chain Management powers and duties**

4. (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

- (a) to discharge the Supply Chain Management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
  - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
  - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
-

(2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not subdelegate any Supply Chain Management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

#### Subdelegations

5. (1) The accounting officer may in terms of section 79 or 106 of the Act subdelegate any Supply Chain Management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (VAT included) may not be subdelegated by the accounting officer;

---

**(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to –**

- (i) the chief financial officer;**
- (ii) a senior manager; or**
- (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or**

**(c) not exceeding R2 million (VAT included) may be subdelegated but only to –**

- (i) the chief financial officer;**
- (ii) a senior manager;**
- (iii) a manager directly accountable to the chief financial officer or a senior manager; or**
- (iv) a bid adjudication committee.**

**(3) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.**

**(4) No Supply Chain Management decision-making powers may be delegated to an advisor or consultant.**

Oversight role of council

**6. (1) The council reserves its right to maintain oversight over the implementation of this Policy.**

**(2) For the purposes of such oversight the accounting officer must –**

---

(i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the Supply Chain Management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

(ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

## **Supply Chain Management unit**

**7. (1)** A Supply Chain Management unit is hereby established to implement this Policy.

(2) The Supply Chain Management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

---

## **Training of Supply Chain Management officials**

**8.** The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on Supply Chain Management training.

## **CHAPTER 2**

### **SUPPLY CHAIN MANAGEMENT SYSTEM**

#### **Format of Supply Chain Management system**

**9.** This Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

#### **Part 1: Demand management**

##### **System of demand management**

**10.** (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

---

- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
  - (c) provide for the compilation of the required specifications to ensure that its needs are met.
  - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

## ***Part 2: Acquisition management***

### ***System of acquisition management***

#### ***11. (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –***

- (a) that goods and services are procured by the municipality in accordance with authorised processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- (e) that any Treasury guidelines on acquisition management are properly taken into account.

**(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's Supply Chain Management system, including -**

---

- (a) the kind of goods or services; and  
(b) the name of the supplier.

## **Range of procurement processes**

### **12. (1) Goods and services may only be procured by way of –**

- (a) 3 telephonic quotations for purchases up to R2 000 (VAT included)
- (b) 2 written quotations, shown on the requisition, for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
- (c) 3 formal written quotations for procurements of a transaction value over R10 000 up to R30 000 (VAT included);
- (d) informal tenders for procurements of a transaction value over R30 000 up to R200 000 (VAT included) which will be done by means of placing an advertisement and a scorecard; and
- (e) a competitive bidding process for–**
  - (i) procurements above a transaction value of R200 000 (VAT included); and**
  - (ii) the procurement of long term contracts.**

- (2) The accounting officer may, in writing–
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - (b) direct that –
    - (i) written quotations be obtained for any specific procurement of a transaction value lower than R10 000;
-



- (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
- (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

**General preconditions for consideration of written quotations or bids**

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's –

- (i) full name;
- (ii) identification number or company or other registration number; and
- (iii) tax reference number and VAT registration number, if any;

(b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

(c) has indicated –

- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
  - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
-

- (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

## **Lists of accredited prospective providers**

**14.** (1) The accounting officer must –

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) specify the listing criteria for accredited prospective providers; and
- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

## **Petty cash purchases**

**15.** The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

---

- (a) a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
  - (i) the total amount of petty cash purchases for that month; and
  - (ii) receipts and appropriate documents for each purchase.

## **Written or verbal quotations**

**16.** The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

### **Formal written price quotations**

---

**17.** (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality ;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- (d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

### **Procedures for procuring goods or services through written or verbal**

#### **quotations and formal written price quotations**

**18.** The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
-

- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality;
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;
- (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points.

### **Competitive bids**

**19.** (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

---

### **Process for competitive bidding**

**20.** The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
  - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
  - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

### **Bid documentation for competitive bids**

**21.** The criteria to which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
    - (i) the general conditions of contract and any special conditions of contract, if specified;
    - (ii) any Treasury guidelines on bid documentation; and
    - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction,
-

upgrading or refurbishment of buildings or infrastructure;

- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
  - (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
  - (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
    - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
      - (aa) for the past three years; or
      - (bb) since their establishment if established during the past three years;
    - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which
-

payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

#### **Public invitation for competitive bids**

**22.** (1) The procedure for the invitation of competitive bids, is as follows:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(b) the information contained in a public advertisement, must include –

---



- (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
- (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
- (iii) date, time and venue of any proposed site meetings or briefing sessions.;

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

## **Procedure for handling, opening and recording of bids**

---

**23.** The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids–

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must –

---

- (i) record in a register all bids received in time;
- (ii) make the register available for public inspection; and
- (iii) publish the entries in the register and the bid results on the website.

### **Negotiations with preferred bidders**

**24.** (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

- (a) does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

### **Two-stage bidding process**

**25.** (1) A two-stage bidding process is allowed for –

- (a) large complex projects;
-

- (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

**Committee system for competitive bids**

26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee;

(2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

---

(3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

- (4) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this Policy; and**
  - (b) any other applicable legislation.**

(5) The accounting officer may apply the committee system to formal written price quotations.

#### **Bid specification committees**

27. **(1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.**

- (2) Specifications –**
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;**
  - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;**
  - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;**
-

- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

**(3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.**

**(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.**

---

Bid evaluation committees

28. **(1) A bid evaluation committee must –**
- (a) evaluate bids in accordance with –**
    - (i) the specifications for a specific procurement; and**
    - (ii) the points system set out in terms of paragraph 27(2)(f).**
  - (b) evaluate each bidder's ability to execute the contract;**
  - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;**
  - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.**

**(2) A bid evaluation committee must as far as possible be composed of-**

- (a) officials from departments requiring the goods or services; and**
- (b) at least one Supply Chain Management practitioner of the municipality.**

Bid adjudication committees

29. **(1) A bid adjudication committee must –**
- (a) consider the report and recommendations of the bid evaluation committee; and**
  - (b) either –**
-

- (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or**
- (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.**

**(2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –**

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and**
- (b) at least one senior Supply Chain Management practitioner who is an official of the municipality; and**
- (c) a technical expert in the relevant field who is an official, if such an expert exists.**

**(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.**

**(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.**

---



**(5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –**

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;**
  - (ii) notify the accounting officer.**
- (b) The accounting officer may –**
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and**
  - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.**

**(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.**

**(7) The accounting officer must comply with section 114 of the Act within 10 working days**

Procurement of banking services

**30. (1) A contract for banking services –**

- (a) must be procured through competitive bids;**
  - (b) must be consistent with section 7 or 85 of the Act; and**
-

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60

days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

## **Procurement of IT related goods or services**

**31.** (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

---

- (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

### **Procurement of goods and services under contracts secured by other organs of state**

**32.** (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) there is no reason to believe that such contract was not validly procured;
  - (c) there are demonstrable discounts or benefits to do so; and
  - (d) that other organ of state and the provider have consented to such procurement in writing.
-

- (2) Subparagraphs (1)(c) and (d) do not apply if –
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
  - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

### **Procurement of goods necessitating special safety arrangements**

**33. (1)** The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

**(2)** Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

**34.** The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

---

- **Firstly – suppliers and businesses within the municipality or district;**
- **Secondly – suppliers and businesses within the relevant province;**
- **Thirdly – suppliers and businesses within the Republic.**

## **Appointment of consultants**

**35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.**

- (2) Consultancy services must be procured through competitive bids if**
- (a) the value of the contract exceeds R200 000 (VAT included); or**
  - (b) the duration period of the contract exceeds one year.**

- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –**
- (a) all consultancy services provided to an organ of state in the last five years; and**
  - (b) any similar consultancy services provided to an organ of state in the last five years.**

**(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.**

---

**Deviation from, and ratification of minor breaches of, procurement processes**

**36. (1)** The accounting officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

(4) The process to be followed when requesting a deviation from the normal supply chain management process are:

---

- i. Request for deviation from user are to be submitted to the Head of the user department or delegated person first for approval of the deviation and for the expenditure of funds.
- ii. After approval by the Head of Department or delegated person, the deviation must be submitted to the Accountant (SCM) to confirm funding and to give comments regarding the deviation and to make recommendations to the Bid Adjudication Committee and the Accounting Officer
- iii. The deviation must then be tabled before the Bid Adjudication Committee to comment and to make the final recommendations to the Accounting Officer
- iv. The deviation is then submitted to the Accounting Officer for approval

(5) Procurement before the approval of the deviation is only permitted in the case of an emergency; under no other circumstances will procurement be permitted if the deviation has not been approved.

## **Unsolicited bids**

**37. (1)** In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
-

- (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
- (c) the person who made the bid is the sole provider of the product or service; and
- (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

- (a) reasons as to why the bid should not be open to other competitors;
- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

---



(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –  
(a) any comments submitted by the public; and  
(b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract

---

committing the municipality to the bid may be entered into or signed within 30 days of the submission.

*Combating of abuse of Supply Chain Management system*

38. (1) The accounting officer must–

**(a) take all reasonable steps to prevent abuse of the Supply Chain Management system;**

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) reject any bid from a bidder–

**(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or**

**(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;**

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if –

---

- (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
  - (i) has abused the Supply Chain Management system of the municipality or has committed any improper conduct in relation to such system;
  - (ii) has been convicted for fraud or corruption during the past five years;
  - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

### *Part 3: Logistics, Disposal, Risk and Performance Management*

#### Logistics management

**39. The accounting officer must establish and implement an effective system of logistics management, which must include -**

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;**
-

- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;**
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;**
- (d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;**
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;**
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and**
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.**

#### Disposal management

- 40. (1) Assets may be disposed of by –**
- (a) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;**
  - (b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;**
  - (c) selling the asset; or**
  - (d) destroying the asset.**
- (2) The accounting officer must ensure that –**
-

- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
  - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and**
  - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.**
  - (h) However, in the event that no such needs exist within the Local Schools, the computer equipment must be donated to local Not-for-profit Organizations, whom will have to motivate why they deserve the equipment, and the final decision to whom to award the equipment to, will be decided by a disposal committee.**
  - (i) The committee will consist of the following persons:**
    - (i) A Chairperson, whom will be decided upon by the Accounting Officer**
    - (ii) Head of Department or delegated senior manager**
    - (iii) 2 other senior managers**
    - (iv) 1 Supply Chain Management Official**
-

### **3. Consideration to dispose or transfer**

- (1) When considering on transfer or disposal of assets the following has to be taken into account:
  - (a) Capital assets needed to provide a minimum level of basic municipal service may not be transferred or disposed of;
  - (b) The accounting officer must decide on reasonable grounds that an asset is not needed to provide a minimum level of basic municipal service before its ownership can be transferred;
  - (c) The fair market value of the asset and the economic and community value to be received in exchange for the asset.
  - (d) The final decision to sell land and buildings, and the proposed selling price has to be taken by the District Council.

### **(2) Letting of Assets**

- (a) All immovable property is let at market related rates, unless the relevant provincial treasury determines otherwise or approves the letting of property free of charge;
- (b) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of municipal property must be reviewed annually.

### **41. Risk management**

- (1) Risk management must include –
    - (a) the identification of risks on a case-by-case basis;
    - (b) the allocation of risks to the party best suited to manage such risks;
    - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
-

- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

(2) Declaration

This Section covers the control measures that the Municipality will apply to prevent fraud and corruption involving officials and councillors.

- (a) A declaration schedule will form an integral part of all the Municipality's tender documents.
- (b) Tenderers will be required to complete the schedule as a prerequisite to the tender.
- (c) Employees of any Organ of State will be required to complete the Schedule as a pre-requisite to the tender.

(3) Declaration of interest for councilors, officials, consultants and service providers

- (a) HESSEQUA MUNICIPALITY's officials involved in the assessment and adjudication of tenders will be required to complete the Declaration of Interest Schedule.
  - (b) Consultants or any other service provider who are involved in the preparation of tender documentation and tender reporting will also be required to sign a Declaration of Interest Schedule.
  - (c) The Declaration of Interest seeks disclosure on any interest that an official, consultant and/or service provider may have with regards to tenders being adjudicated.
  - (d) The schedule states in principle that there has been no undue influence by a councillor or official to influence the awarding of the tender under consideration.
  - (e) The schedule must be completed prior to the award of a tender.
-

(f) Officials involved in the assessment and adjudication of tenders must be reminded of the Code of Conduct for municipal staff members which requires that they recuse themselves when they have an interest in the relevant tender.

(g) Officials or other role players involved in the implementation of the Supply Chain Management policy must treat all providers and potential providers equitably, may not use his/her position for private gain or to improperly benefit another person and may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate.

#### COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

A Supply Chain Management policy must provide measures for the combating of abuse of the Supply Chain Management system, and must enable the accounting officer –

- (a) to take all reasonable steps to prevent such abuse;
  - (b) to investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the Supply Chain Management policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police
  - (c) to check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - (d) to reject any bid from a bidder –
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality or municipal entity, or to any other municipality or municipal entity, are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or municipal entity or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
-



- (e) to reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) to cancel a contract awarded to a person if –
  - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) to reject the bid of any bidder if that bidder or any of its directors –
  - (i) has abused the Supply Chain Management system of the municipality or municipal entity or has committed any improper conduct in relation to such system;
  - (ii) has been convicted for fraud or corruption during the past five years;
  - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities, (Act 12 of 2004).

The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subregulation (1)(b)(ii), (e) or (f).

## (5) General Risk Management

General risk management measures that will be applied by the HESSEQUA MUNICIPALITY will include the following:

- (a) Business Plans where applicable will be required for approval prior to the commencement of all projects.
  - (b) Feasibility and/or design reports will be required by the HESSEQUA MUNICIPALITY before tenders for projects are called.
  - (c) As far as possible tender documents will be specific and detailed.
-

- (d) The applicable project standards will be made available for public perusal.
- (e) Consultants and/or HESSEQUA MUNICIPALITY officials will ensure time, cost and quality control while projects are being implemented.
- (f) Tenderers, where applicable, will be required to take public liability insurance to cover the HESSEQUA MUNICIPALITY .
- (g) Variation orders to projects will require the approval of the HESSEQUA MUNICIPALITY Municipal Manager or a delegated HESSEQUA MUNICIPALITY official prior to execution on site.

#### (5) Contract Risk Management

This Section covers three additional risk management mechanisms applicable to construction projects, namely surety, retention and cessions.

#### **Surety**

(a) REQUIREMENTS Sureties are normally required for construction projects. Surety requirements are classified under the following five categories:

AMOUNT	PERCENTAGE
R300 000.....	Nil
R300 001-R1 000 000 .....	2.5%
R1 000 001-R3 000 000 .....	5%
R3 000 001-R5 000 000 .....	7.5%
R5 000 001- and above .....	10%

- (b) In the event that a contractor is unable to raise the required surety, HESSEQUA MUNICIPALITY may allow such surety to be deducted in full or part from monies that are to become due to the contractor. This may take the form of deductions from the first three (3) payment certificates due to the contractor over a period agreed upon.
  - (c) RELEASE OF SURETY Surety will be released on application to the HESSEQUA MUNICIPALITY subsequent to HESSEQUA MUNICIPALITY approving the completion certificate for the contract.
-

## (6) Retention

### (1) Requirements

The HESSEQUA MUNICIPALITY requires a percentage of the project costs for all construction projects to be set aside as retention.

### (2) Retention Percentage

A 10% retention fee up to a maximum of 5% of the contract sum will be applied on all contracts.

### (3) Release of Retention

Half of the retention amount will be released on issue of the completion certificate for the contract. The balance of the retention will be released on the completion of the defects liability period of the contract.

### (4) Cessions

#### (a) Objectives

To provide an opportunity to service providers who cannot raise the necessary capital to procure services and goods.

#### (b) Requirements

Once approval has been received from the participating service provider and the Municipal Manager, the Municipality may at its discretion, enter into a cession agreement with a service provider.

## **Performance management**

**42.** The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised Supply Chain Management processes were followed and whether the objectives of this Policy were achieved.

## *Part 4: Other matters*

---

**Prohibition on awards to persons whose tax matters are not in order**

**43. (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.**

**(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.**

**(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.**

**Prohibition on awards to persons in the service of the state**

**44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –**

- (a) who is in the service of the state;**
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or**
- (c) a person who is an advisor or consultant contracted with the municipality.**

**Awards to close family members of persons in the service of the state**

**45. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –**

- (a) the name of that person;**
  - (b) the capacity in which that person is in the service of the state; and**
  - (c) the amount of the award.**
-

#### Ethical standards

**46.** (1) A code of ethical standards as set out in the “*National Treasury’s code of conduct for Supply Chain Management practitioners and other role players involved in Supply Chain Management*” is hereby established for officials and other role players in the Supply Chain Management system of the municipality in order to promote –

- (a) mutual trust and respect; and
- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
  - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
  - (c) in all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.
-

## **Inducements, rewards, gifts and favours to [municipalities / municipal entities], officials and other role players**

**47.** (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
  - (i) any official; or
  - (ii) any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

### ***Sponsorships***

**48.** The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted,

---

whether directly or through a representative or intermediary, by any person who is

–

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

### **Objections and complaints**

**49.** Persons aggrieved by decisions or actions taken in the implementation of this Supply Chain Management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

### **Resolution of disputes, objections, complaints and queries**

**50.** (1) The accounting officer must appoint an independent and impartial person, not directly involved in the Supply Chain Management processes –

- (a) to assist in the resolution of disputes between the municipality and other persons regarding -
  - (i) any decisions or actions taken in the implementation of the Supply Chain Management system; or
  - (ii) any matter arising from a contract awarded in the course of the Supply Chain Management system; or
- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
-

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

(a) the dispute, objection, complaint or query is not resolved within 60 days; or

(b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

**51. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –**

**(a) a cap on the compensation payable to the service provider; and**

**(c) that such compensation must be performance based.**

### **Commencement**

**52.** This Policy takes effect on 01 January 2006.

# HESSEQUA

---



# Virement Policy

(Virement: derived from the French term meaning -commerce transfer, an authorized transfer of funds from one use to another)

2010/2011



# INDEX

1. Definitions .....	226
2. Abbreviations .....	228
3. Objective .....	228
4. Virement Clarification.....	228
5. Financial Responsibilities .....	228
6. Virement Restrictions.....	228
7. Virement Procedure.....	230
8. Supplementary.....	231
APPENDIX A .....	231
APPENDIX B .....	236

## 1. Definitions

1. "Accounting officer" The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA
  2. "Approved budget" means an annual budget approved by a municipal council.
  3. "Budget-related policy" means a policy of a municipality affecting or affected by the annual budget of the municipality
-

4. "Chief financial officer" means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
  5. "Capital Budget" This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods
  6. "Council" means the council of a municipality referred to in section 18 of the Municipal Structures Act.
  7. **"Establishment" means the formation or organization of something in the Municipality. e.g. The work force establishment, the disciplinary establishment, the policy establishment etc.**
  8. "Financial year" means a 12-month year ending on 30 June.
  9. "Line Item" an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditures [See annexure "B" for current item structure]
  10. "Operating Budget" The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
  11. "Ring Fenced" an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
  12. "Service delivery and budget implementation plan" means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget.
  13. "Virement" is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
  14. "Vote" means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. [See annexure "A" for current Vote structure]
-

## **2. Abbreviations**

1. CFO – Chief Financial Officer
2. IDP – Integrated Development Plan
3. MFMA – Municipal Finance Management Act No. 56 of 2003
4. SDBIP -Service delivery and budget implementation plan
5. CM – Council Minute/s
6. GFS – General Financial Statements

## **3. Objective**

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

## **4. Virement Clarification**

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

## **5. Financial Responsibilities**

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and / or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Section 100 MFMA) The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 102.

## **6. Virement Restrictions**

1. No funds may be viremented between votes (GFS Classifications) without prior Council approval, **except**
-

**vehicle budget virements which will be approved by the CFO.**

2. Virements may not exceed a maximum of R200, 000 as periodically reviewed by Council. [Financial Regulation 5.7.1 to 5.7.6 : .. adopted under CM8.III.15/31/8/2000]
  3. A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
  4. Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustments budget to the Council with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
  5. No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior approval of the Mayoral Committee.
    - (i) This refers to expenditures such as entering into agreements into lease or rental agreements such as vehicles, photo copier's or fax machines
  6. No virement may be made where it would result in over expenditure. (section 32 MFMA)
  7. No virement shall (add to) **result in any additions in** the establishment of the Municipality without the approval of Municipal Manager.
  8. If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
  9. Virements may not be made in respect of ring-fenced allocations.
  10. Budget may not be transferred from Support service (interdepartmental) costs, Capital financing, Depreciation, (Contributions) **Provisions**, Grant Expenditure and Income Foregone.
  11. Budget may only be transferred from Salaries if approved by the CFO.
  12. Virements in capital budget allocations are only permitted within specified action plans and not across funding sources
-

and must in addition have comparable asset lifespan classifications.

13. No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO.
14. No virement proposal shall affect amounts to be paid to another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)
15. Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
16. An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
17. Virements may not be made between Expenditure and Income.

## **7. Virement Procedure**

1. All virement proposals must be completed on the appropriate documentation and forwarded to the relevant Finance Officer for checking and implementation.
  2. All virements must be signed by the Vote holder (per department) and the Manager within which the vote is allocated. (Section 79 MFMA)
  3. A virement form must be completed for all Budget Transfers.
  4. Virements in excess of R 50,000 with a maximum of R 200,000 need approval of the Chief Financial Officer. (Section 79 MFMA)
  5. Must include changes to the SDBIP.
  6. All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)
  7. The Municipal Manager will report to the (Mayor) **Finance Committee** on a quarterly basis on those virements that have taken place during that quarter.
-

## **8. Supplementary**

This policy replaces any other policies or Council resolutions as far as they may refer to virements as defined in this policy. Once agreed, the virement policy should form part of the Municipal Manager's formal delegations and Financial Regulations of the Municipality. Transfers or adjustments falling outside the ambit of this policy must be submitted to the budget adjustment process in terms of section 69 of the MFMA.

Direct any questions on this policy to the Budget Office.

NB:

UNDERLINED SECTIONS ARE THOSE THAT HAVE TO BE EXCLUDED

BOLDED SECTIONS ARE THE ADDITIONS

ALTERNATIVE WORDS FOR THOSE WITH BRACKETS & UNDERLINED HAVE BEEN PROVIDED THEY ARE THE BOLDED ONES.

## **APPENDIX A**

Vote Classification  
VOTES, DIRECTORATES AND DEPARTMENTS

---

VOTE (GFS CLASSIFICATION)	DIRECTIVE			DEPARTMENT	VOTE HOLDER	SUPPORT VOTE HOLDERS
Executive and Council	Executive and Council	1030		MUNICIPAL MANAGER	J Jacobs	
		1080		COUNCIL	J Jacobs	
		1080		COUNCIL CONTRIBUTIONS	J Jacobs	
Finance & Admin	Finance	1510	02	FIN RIVERSDAL	L VILJOEN	
		1510	03	FIN STILBBAI	L VILJOEN	
		1510	04	FIN HEIDELBERG	L VILJOEN	
		1510	05	FIN ALBERTINIA	L VILJOEN	
		1520		HESSEQUA RATES	L VILJOEN	
	Corporate	1530		INTERNE OUDIT	J Jacobs	
		1540		HR	B Ellman	
		1550		IT	B Ellman	
		2000		LEGAL SERVICES	M Vermeulen	
		1580	02	LAND & BUILDINGS RIVERSDAL	R Wesso	
		1580	03	LAND & BUILDINGS STILBAAI	R Wesso	
		1580	04	LAND & BUILDINGS HEIDELBERG	R Wesso	
		1580	05	LAND & BUILDINGS ALBERTINIA	R Wesso	
		1580	06	LAND & BUILDINGS GOURITSMOND	R Wesso	
		1580	07	LAND & BUILDINGS SLANGRIVIER	R Wesso	
		1585	02	CORPORATE SERVICES RIVERSDAL	B Ellman	
		1585	03	CORPORATE SERVICES STILBAAI	B Ellman	
		1585	04	CORPORATE SERVICES	B Ellman	



				HEIDELBERG		
		1585	05	CORPORATE SERVICES ALBERTINIA	B Ellman	
	Community	1590	02	COMMUNITY SERVICES RIVERSDAL	C Onrust	
		1590	03	COMMUNITY SERVICES STILBAAI	C Onrust	
		1590	05	COMMUNITY SERVICES ALBERTINIA	C Onrust	
Planning & Development		2010		TOWN PLANNING	H Visser	
		2030		LOCAL ECONOMIC DEV	C Onrust	
		2050		INTEGRATED DEV PLAN	J Jacobs	
Health		2510		HEALTH	C Onrust	
Community & Social Services	Cumminity	3010	02	LIBRARY RIVERSDAL	C Onrust	
		3010	03	LIBRARY STILBAAI	C Onrust	
		3010	04	LIBRARY HEIDELBERG	C Onrust	
		3010	05	LIBRARY ALBERTINIA	C Onrust	
		3010	06	LIBRARY GOURITSMOND	C Onrust	
		3010	07	LIBRARY SLANGRIVIER	C Onrust	
		3010	13	LIBRARY MELKHOUTFONTEIN	C Onrust	
		3010	14	LIBRARY DUIVENHOKS RIVIER	C Onrust	
		3010	15	LIBRARY ALBERTINIA	C Onrust	
		3030		MUSEUM	C Onrust	
		3050	02	COMMUNITY HALL RIVERSDAL	B Ellman	
		3050	03	COMMUNITY HALL STILBAAI	B Ellman	
		3050	04	COMMUNITY HALL HEIDELBERG	B Ellman	
		3050	05	COMMUNITY HALL ALBERTINIA	B Ellman	
		3050	06	COMMUNITY HALL GOURITSMOND	B Ellman	
		3050	12	COMMUNITY HALL RD MULTI PURPOSE	C Onrust	
		3050	13	COMMUNITY HALL MELKHOUTFONTEIN	B Ellman	
		3050	14	COMMUNITY HALL WITSAND	B Ellman	

		3050	15	COMMUNITY HALL THERONSVILLE	B Ellman	
		3050	22	YOUTH ADVISORY CENTRE	C Onrust	
		3050	24	CIVIC HEIDELBRG	B Ellman	
		3050	25	MOSSGAS ALBERTINA	B Ellman	
		3070	02	CEMETERY RIVERSDAL	R Wesso	
		3070	03	CEMETERY STILBAAI	R Wesso	
		3070	04	CEMETERY HEIDELBERG	R Wesso	
		3070	05	CEMETERY ALBERTINIA	R Wesso	
		3070	06	CEMETERY GOURITSMOND	R Wesso	
		3070	13	CEMETERY MELKHOUTFONTEIN	R Wesso	
Housing	Housing	3510		HOUSING	C Onrust	
Public Safety	Community	4010	02	TRAFFIC RIVERSDAL	M Vermeulen	
		4010	03	TRAFFIC STILBAAI	M Vermeulen	
		4010	04	TRAFFIC HEIDELBERG	M Vermeulen	
		4010	05	TRAFFIC ALBERTINIA	M Vermeulen	
		4010		POLICE	M Vermeulen	
		4010		LAW ENFORCEMENT	M Vermeulen	
		4050		FIRE	M Vermeulen	
		4080		POUND	M Vermeulen	
Sport & Recreation	Community	4510	02	PARKS RIVERSDAL	R Wesso	
		4510	03	PARKS STILBAAI	R Wesso	
		4510	04	PARKS HEIDELBERG	R Wesso	

		4510	05	PARKS ALBERTINIA	R Wesso	
		4530	02	SPORT RIVERSDAL	R Wesso	
		4530	03	SPORT STILBAAI	R Wesso	
		4530	04	SPORT HEIDELBERG	R Wesso	
		4530	05	SPORT ALBERTINIA	R Wesso	
		4530	06	SPORT RIVERVILLE	R Wesso	
		4550	02	SWIMMING TAKKIESKLOOF	R Wesso	
		4550	04	SWIMMING HEIDELBERG	R Wesso	
		4550	12	SWIMMING DE MIST	R Wesso	
		4570	02	CAMPING TAKKIESKLOOF	R WESSO	
		4570	03	CAMPING ELLENSRUST	R WESSO	
		4570	04	CAMPING DUIVENSHOK	R WESSO	
		4570	06	CAMPING GOURITSMOND	R WESSO	
		4570	13	CAMPING PREEKSTOEL	R WESSO	
		4570	14	CAMPING WES-KAMP WITSAND	R WESSO	
		4570	23	CAMPING JONGENSFONTEIN	R WESSO	
		4570	34	CAMPING MIDDEL-KAMP WITSAND	R WESSO	
Environment		5010		NATURE CONSERVATION	H Visser	
Waste water Management		5510	02	SEWERAGE RIVERSDAL	E STEYN	
		5510	03	SEWERAGE STILBAAI	E STEYN	
		5510	04	SEWERAGE HEIDELBERG	E STEYN	
		5510	05	SEWERAGE ALBERTINIA	E STEYN	
		5510	06	SEWERAGE SEPTIC TENKS GOURITS	E STEYN	
		5510	07	SEWERAGE SLANGRIVIER	E STEYN	
		5510	13	SEWERAGE SEPTIC TENKS STILBAAI	E STEYN	
		5510	14	SEWERAGE SEPTIC TENKS HEIDELBERG	E STEYN	
		5510	15	SEWERAGE SEPTIC TENKS ALBERTINIA	E STEYN	
		5510	11	SEWERAGE SEPTIC TENKS WITSAND	E STEYN	
REFUSE		5550	02	SOLID WASTE RIVERSDAL	E STEYN	
		5550	03	SOLID WASTE STILBAAI	E STEYN	
		5550	04	SOLID WASTE HEIDELBERG	E STEYN	

		5550	05	SOLID WASTE ALBERTINIA	E STEYN	
		5550	06	SOLID WASTE GOURITSMOND	E STEYN	
		5550	07	SOLID WASTE SLANGRIVIER	E STEYN	
		5550	14	SOLID WASTE WITSAND	E STEYN	
Public Works		6010	02	PUBLIC WORKS RIVERSDAL	R WESSO	
		6010	03	PUBLIC WORKS STILBAAI	R WESSO	
		6010	04	PUBLIC WORKS HEIDELBERG	R WESSO	
		6010	05	PUBLIC WORKS ALBERTINIA	R WESSO	
		6010	06	PUBLIC WORKS GOURITSMOND	R WESSO	
		6010	07	PUBLIC WORKS SLANGRIVIER	R WESSO	
		6010	14	PUBLIC WORKS WITSAND	R WESSO	
Water		6510	02	WATER RIVERSDAL	E STEYN	
		6510	03	WATER STILBAAI	E STEYN	
		6510	04	WATER HEIDELBERG	E STEYN	
		6510	05	WATER ALBERTINIA	E STEYN	
		6510	06	WATER GOURITSMOND	E STEYN	
		6510	07	WATER SLANGRIVIER	E STEYN	
		6510	12	IRRIGATION WATER RIVERSDAL	E STEYN	
		6510	14	WATER WITSAND	E STEYN	
		6510	24	IRRIGATION WATER HEIDELBERG	E STEYN	
Electricity		7010	02	ELEC RIVERSDAL	E STEYN	
		7010	03	ELEC STILBAAI	E STEYN	
		7010	04	ELEC HEIDELBERG	E STEYN	
		7010	05	ELEC ALBERTINIA	E STEYN	
		7010	06	ELEC GOURITSMOND	E STEYN	
		7010	14	ELEC WITSAND	E STEYN	
Tourism		7510		TOURISM	C Onrust	

## APPENDIX B

Item Classification

---

Item			Description	Comments	Virement From	Virement To
			<b>EMPLOYEE RELATED COSTS: WAGES/SALARIES</b>			
1	0 1	000 5	BASIC SALARIES	Expenditure	Yes*	Yes
1	0 1	001 0	TEMPORARY WAGES/SALARIES	Expenditure	Yes*	Yes
1	0 1	002 0	BONUSES	Expenditure	Yes*	Yes
1	0 1	003 0	BONUSES: LONG SERVICE	Expenditure	Yes*	No
1	0 1	003 5	OVERTIME	Expenditure	Yes*	Yes
1	0 1	004 0	ALLOWANCE: OTHER	Expenditure	Yes*	Yes
1	0 1	004 2	ALLOWANCE: TELEPHONE	Expenditure	Yes*	Yes
1	0 1	004 5	ALLOWANCE: TRAVEL	Expenditure	Yes*	Yes
1	0 1	005 0	ALLOWANCE: STAND-BY	Expenditure	Yes*	Yes
1	0 1	006 0	BARGAINING COUNCIL LEVY	Expenditure	Yes*	No
1	0 1	007 0	HOUSING SUBSIDY	Expenditure	Yes*	No
1	0 1	007 5	JOB EVALUATION	Expenditure	Yes*	No
1	0 1	008 0	LEAVE ENCASHMENT	Expenditure	Yes*	No
			<b>EMPLOYEE RELATED COSTS: SOCIAL CONTR</b>			
1	0 5	000 5	GROUP LIFE INSURANCE	Expenditure	Yes*	Yes
1	0 5	001 0	MEDICAL AID CONTINUED MEMBERS	Expenditure	Yes*	Yes
1	0 5	002 0	MEDICAL AID CONTRIBUTIONS	Expenditure	Yes*	Yes
1	0 5	002 5	PENSION - EX GRATIA	Expenditure	Yes*	Yes
1	0 0	003	PENSION FUND CONTRIBUTIONS	Expenditure	Yes*	Yes

Item			Description	Comments	Virement From	Virement To
	5	0		e		
1	0	003	UNEMPLOYMENT INSURANCE FUND	Expenditure	Yes*	Yes
1	0	004	WORKMEN'S COMPENSATION CONTRIBUTION	Expenditure	Yes*	Yes
			<b>EMPLOYEE COSTS: CAPITALISED</b>			
1	1	000	CHARGES: CAPITAL PROJECT	Expenditure	Yes*	No
1	1	000	CHARGES: REPAIRS & MAINTENANCE	Expenditure	Yes*	No
			* Only with approval of CFO			
			<b>REMUNERATION OF COUNCILLORS</b>			
1	2	000	COUNCILLORS REMUNERATION	Expenditure	Yes	Yes
1	2	001	COUNCILLORS HOUSING SUBSIDY	Expenditure	Yes	Yes
1	2	002	COUNCILLORS MEDICAL AID	Expenditure	Yes	Yes
1	2	002	COUNCILLORS OTHER ALLOWANCES	Expenditure	Yes	Yes
1	2	003	COUNCILLORS PENSION SCHEME	Expenditure	Yes	Yes
1	2	003	COUNCILLORS PERSONAL FACILITIES	Expenditure	Yes	Yes
1	2	004	COUNCILLORS TELEPHONE	Expenditure	Yes	Yes
1	2	004	COUNCILLORS TRAVEL ALLOWANCES	Expenditure	Yes	Yes
1	2	005	COUNCILLORS UIF	Expenditure	Yes	Yes
1	2	005	MAYORAL ALLOWANCE	Expenditure	Yes	Yes
1	2	006	DEPUTY MAYORAL ALLOWANCE	Expenditure	Yes	Yes
1	2	007	SPEAKER ALLOWANCE	Expenditure	Yes	Yes
1	2	008	WARD COMMITTEE MEMBER ALLOWANCES	Expenditure	Yes	Yes

Item			Description	Comments	Virement From	Virement To
			<b>BAD DEBTS</b>			
1	2 5	000 5	BAD DEBTS WRITTEN OFF	Expenditure	No	No
			<b>COLLECTION COSTS</b>			
1	3 0	000 5	COLLECTION COSTS	Expenditure	Yes	Yes
1	3 0	001 0	LEGAL COSTS	Expenditure	Yes	Yes
1	3 0	001 5	PREPAID: COMMISSION	Expenditure	Yes	Yes
			<b>DEPRECIATION</b>			
1	3 5	000 5	DEPRECIATION: ASSETS C.R.R.	Expenditure	No	No
1	3 5	001 0	DEPRECIATION: ASSETS DONATIONS	Expenditure	No	No
1	3 5	001 5	DEPRECIATION: ASSETS EXTERNAL LOANS	Expenditure	No	No
1	3 5	002 0	DEPRECIATION: ASSETS GRANTS & SUBS	Expenditure	No	No
1	3 5	002 5	DEPRECIATION: ASSETS SURPLUS	Expenditure	No	No
			<b>REPAIRS AND MAINTENANCE</b>			
1	4 0	000 5	CHARGES: FROM SALARIES	Expenditure	Yes	Yes
1	4 0	000 9	CLEANING OF STORMWATER PIPES	Expenditure	Yes	Yes
1	4 0	001 0	COMPUTER EQUIPMENT	Expenditure	Yes	Yes
1	4 0	001 2	COMPUTER EQUIPMENT - INSTALL E-NATIS	Expenditure	Yes	Yes
1	4 0	001 5	DRINKING CRIBS AND DAMS	Expenditure	Yes	Yes
1	4 0	002 0	DUMPING SITE	Expenditure	Yes	Yes
1	4 0	002 5	ELECTRICITY NETWORK	Expenditure	Yes	Yes
1	4 0	003 0	EQUIPMENT	Expenditure	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
1	4	003	FENCES	Expenditure	Yes	Yes
	0	5				
1	4	003	FIRE EXTINGUISHERS	Expenditure	Yes	Yes
	0	6				
1	4	003	FIRE BREAKS	Expenditure	Yes	Yes
	0	7				
1	4	003	FENCES	Expenditure	Yes	Yes
	0	8				
1	4	004	FURNITURE AND EQUIPMENT	Expenditure	Yes	Yes
	0	0				
1	4	004	FURNITURE AND EQUIPMENT - PHOTO COPIER	Expenditure	Yes	Yes
	0	1				
1	4	004	FURNITURE AND EQUIPMENT - FAX	Expenditure	Yes	Yes
	0	2				
1	4	004	FURNITURE AND EQUIPMENT - PHOTO COPIER	Expenditure	Yes	Yes
	0	3				
1	4	004	GENERAL	Expenditure	Yes	Yes
	0	5				
1	4	004	JETTIES	Expenditure	Yes	Yes
	0	6				
1	4	004	GEYSER LOAD CONTROL	Expenditure	Yes	Yes
	0	8				
1	4	005	MACHINES	Expenditure	Yes	Yes
	0	0				
1	4	005	MAIN ROAD EXPENDITURE	Expenditure	Yes	Yes
	0	5				
1	4	006	MUNICIPAL BUILDINGS	Expenditure	Yes	Yes
	0	0				
1	4	006	MUNICIPAL LAND/PREMISES	Expenditure	Yes	Yes
	0	5				
1	4	007	PARKS AND GARDENS	Expenditure	Yes	Yes
	0	0				
1	4	007	PREPAID: MAINTENANCE	Expenditure	Yes	Yes
	0	3				
1	4	007	PUMPS	Expenditure	Yes	Yes
	0	5				
1	4	008	SEWERAGE NETWORK	Expenditure	Yes	Yes
	0	0				
1	4	008	SPORTGROUNDS	Expenditure	Yes	Yes
	0	5				
1	4	009	STREETLIGHTS	Expenditure	Yes	Yes



Item			Description	Comments	Virement From	Virement To
	0	0		e		
1	4	009	STREETS	Expenditure	Yes	Yes
1	4	010	TOOLS AND EQUIPMENT	Expenditure	Yes	Yes
1	4	010	TRAFFIC SIGNS/ROAD MARKS	Expenditure	Yes	Yes
1	4	011	VEHICLE COSTS: MAINTENANCE	Expenditure	Yes	Yes
1	4	011	VEHICLE COSTS: TYRES	Expenditure	Yes	Yes
1	4	012	WATER NETWORK	Expenditure	Yes	Yes
1	4	013	REHABILITATION OF DUNES: STILBAAI- WARD 3	Expenditure	Yes	Yes
1	4	013	REHABILITATION OF DUNES: WITSAND - WARD 4	Expenditure	Yes	Yes
1	4	014	HIKING TRAILS	Expenditure	Yes	Yes
1	4	014	IRRIGATION WATER CHANNELS	Expenditure	Yes	Yes
1	4	046	VEHICLE MONITORING FEE	Expenditure	Yes	Yes
1	4	058	MUNICIPAL BUILDINGS - WARD 6	Expenditure	Yes	Yes
1	4	058	MUNICIPAL BUILDINGS - WARD 7	Expenditure	Yes	Yes
1	4	058	MUNICIPAL BUILDINGS - WARD 8	Expenditure	Yes	Yes
1	4	069	GEYSER LOAD CONTROL - WARD 1	Expenditure	Yes	Yes
1	4	069	GEYSER LOAD CONTROL - WARD 3	Expenditure	Yes	Yes
			<b>INTEREST EXPENSE</b>			
1	4	000	INTEREST EXPENSE - EXTERNAL BORROWINGS	Expenditure	No	No
			<b>BULK PURCHASES</b>			
1	5	000	ESKOM ELECTRICITY PURCHASES	Expenditure	Yes	Yes

Item			Description	Comments	Virement From	Virement To
1	5	001	IRRIGATION WATER	Expenditure	Yes	Yes
1	5	001	WATER PURCHASES	Expenditure	Yes	Yes
			<b>CONTRACTED SERVICES</b>			
1	5	000	LIFE SAVERS	Expenditure	Yes	Yes
1	5	001	CONTRACTED SERVICES	Expenditure	Yes	Yes
			<b>GENERAL EXPENSES - OTHER</b>			
1	6	000	ADVERTISING	Expenditure	Yes	Yes
1	6	000	ANIMAL CONTROL	Expenditure	Yes	Yes
1	6	001	ANNUAL FUNCTION STAFF	Expenditure	Yes	Yes
1	6	001	ARCHEOLOGICAL INTERPRETATION CENTRE	Expenditure	Yes	Yes
1	6	001	ASSET REGISTER	Expenditure	Yes	Yes
1	6	001	LOOSE ASSETS-BAUD(COMBINED SYSTEMS)	Expenditure	Yes	Yes
1	6	002	AUDIT FEES	Expenditure	Yes	Yes
1	6	002	BANK CHARGES	Expenditure	Yes	Yes
1	6	003	CHEMICALS	Expenditure	Yes	Yes
1	6	003	CLEANSING MATERIAL	Expenditure	Yes	Yes
1	6	004	COMPUTER SUPPORT SERVICES	Expenditure	Yes	Yes
1	6	004	INTEGRATED TRANSPORT PLAN	Expenditure	Yes	Yes
1	6	004	CONSULTANCY FEES	Expenditure	Yes	Yes
1	6	004	COMMUNITY MEETINGS: ENTERTAINMENT	Expenditure	Yes	Yes
1	6	004	CLIENT SERVICES-IMPLEMENTATION	Expenditure	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
	0	9		e		
1	6	005	CONTR.: AGRICULTURAL COMMITTEE	Expenditure	Yes	Yes
1	0	0				
1	6	005	CONTR.: TRADE UNION REPRESENTATIVE-IMATU	Expenditure	Yes	Yes
1	0	3				
1	6	005	CONTR.: ATHLETICS (CRECHES AND SCHOOLS)	Expenditure	Yes	Yes
1	0	5				
1	6	005	CONTR.: ARCHEOLOGICAL ADVISORY COMMITTEE	Expenditure	Yes	Yes
1	0	7				
1	6	006	CONTR.: BLUE FLAG BEACH	Expenditure	Yes	Yes
1	0	0				
1	6	006	CONTR.: SETA TRAINING COURSES	Expenditure	Yes	Yes
1	0	3				
1	6	006	BURSARIES/STUDY LOANS	Expenditure	Yes	Yes
1	0	5				
1	6	006	BURSARIES - EXTERNAL	Expenditure	Yes	Yes
1	0	6				
1	6	007	CONTR.: CAPE EPIC CYCLE TOUR	Expenditure	Yes	Yes
1	0	0				
1	6	007	CONTR.: AESTHETICAL ADVISORY COMMITTEE	Expenditure	Yes	Yes
1	0	3				
1	6	007	CONTR.: CHRISTMAS PARCELS - CHILDREN	Expenditure	Yes	Yes
1	0	5				
1	6	008	CONTR.: CHRISTMAS PARCELS - INDIGENTS	Expenditure	Yes	Yes
1	0	0				
1	6	008	CONTR.: WARD COMMITTEES	Expenditure	Yes	Yes
1	0	3				
1	6	008	CONTR.: CLEAN-UP PROJECTS	Expenditure	Yes	Yes
1	0	5				
1	6	009	CONTR.: ENVIRONMENTAL EDUCATION	Expenditure	Yes	Yes
1	0	0				
1	6	009	CONTR.: WALLS OF REMEBERANCE	Expenditure	Yes	Yes
1	0	3				
1	6	009	CONTR.: ECON. DEVELOPM. PROJECTS	Expenditure	Yes	Yes
1	0	5				
1	6	010	CONTR.: FEEDING SCHEMES	Expenditure	Yes	Yes
1	0	0				
1	6	010	CONTR.: AGENCY(SPV)/SDBIP AND DEV.	Expenditure	Yes	Yes
1	0	3				
1	6	010	CONTR.: HALF MARATHON	Expenditure	Yes	Yes
1	0	5				

Item			Description	Comments	Virement From	Virement To
1	6 0	011 0	CONTR.: HESSEQUA PROMOTIONS	Expenditure	Yes	Yes
1	6 0	011 3	CONTR.: CREMATORIUM	Expenditure	Yes	Yes
1	6 0	011 5	CONTR.: LANGUAGE AND CULTURAL COMMITTEE	Expenditure	Yes	Yes
1	6 0	011 8	CONTR.: LED STRATEGY DBSA	Expenditure	Yes	Yes
1	6 0	012 0	CONTR.: MUSEUMS (ALBERT AND JFENTEIN)	Expenditure	Yes	Yes
1	6 0	012 3	CONTR.: VOZNESENSK/HESSEQUA SISTER CITY	Expenditure	Yes	Yes
1	6 0	012 4	CONTR.: VOZNESENSK/HESSEQUA MUSEUM	Expenditure	Yes	Yes
1	6 0	012 5	CONTR.: PUBLIC HOLIDAY FESTIVALS	Expenditure	Yes	Yes
1	6 0	012 8	CONTR: PROGRAMS	Expenditure	Yes	Yes
1	6 0	013 0	CONTR.: SENIOR CITIZEN DINNER	Expenditure	Yes	Yes
1	6 0	013 3	CONTR.: HA!QUA UPLIFTMENT PROJECT	Expenditure	Yes	Yes
1	6 0	013 5	CONTR.: SENIOR CITIZEN SPORTSDAY	Expenditure	Yes	Yes
1	6 0	014 0	CONTR.: SOCIAL/DOMESTIC	Expenditure	Yes	Yes
1	6 0	014 2	CONTR.: SOUTH CAPE TRAINING COLLEGE	Expenditure	Yes	Yes
1	6 0	014 3	CONTR.: LED STRATEGY - COUNCIL (40 %)	Expenditure	Yes	Yes
1	6 0	014 5	CONTR.: SPORT PROJECTS	Expenditure	Yes	Yes
1	6 0	015 0	CONTR.: TASK	Expenditure	Yes	Yes
1	6 0	015 5	CONTR.: TOURISM	Expenditure	Yes	Yes
1	6 0	016 0	CONTR.: TRADE UNION REPRESENTATIVE	Expenditure	Yes	Yes
1	6 0	016 1	CONTR.: 2 X INTERN MAYOR`S OFFICE	Expenditure	Yes	Yes
1	6 6	016	CONTR.: NEIGHBOURHOOD WATCHES	Expenditure	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
	0	2		e		
1	6 0	016 3	CONTR.: PREVENTION ALCOHOL/DRUG MISUSE	Expenditure	Yes	Yes
1	6 0	016 4	CONTR.: DEMOCRACY TRAINING PROJECT	Expenditure	Yes	Yes
1	6 0	016 5	CONTR.: WATER RESEARCH FUND	Expenditure	Yes	Yes
1	6 0	017 0	COUNCIL MEETINGS ENTERTAINMENT	Expenditure	Yes	Yes
1	6 0	017 2	CLEANING UP BEACHES	Expenditure	Yes	Yes
1	6 0	017 5	DEED RETURNS	Expenditure	Yes	Yes
1	6 0	018 0	DELEGATION COSTS	Expenditure	Yes	Yes
1	6 0	018 5	DEVELOPMENT COST	Expenditure	Yes	Yes
1	6 0	018 6	DISASTER RECOVERY PLAN ON MASTER SYSTEM	Expenditure	Yes	Yes
1	6 0	018 8	DISASTER RELIEF FUND	Expenditure	Yes	Yes
1	6 0	019 0	DOMESTIC REQUIREMENTS	Expenditure	Yes	Yes
1	6 0	019 5	DRY CLEANING	Expenditure	Yes	Yes
1	6 0	020 0	ELECTRICITY CONSUMPTION	Expenditure	Yes	Yes
1	6 0	020 5	ENGINEERS FEES	Expenditure	Yes	Yes
1	6 0	020 8	ELECTRICITY MASTER PLANNING	Expenditure	Yes	Yes
1	6 0	021 0	FERTILIZER	Expenditure	Yes	Yes
1	6 0	021 5	FIREWOOD	Expenditure	Yes	Yes
1	6 0	022 0	FLOWERS	Expenditure	Yes	Yes
1	6 0	022 5	FUEL - CAMP HOT WATER	Expenditure	Yes	Yes
1	6 0	022 6	HOUSING PLANNING FEES	Expenditure	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
1	6 0	022 8	IRRIGATION WATER	Expenditure	Yes	Yes
1	6 0	022 9	HIPPO SAVINGS BAGS	Expenditure	Yes	Yes
1	6 0	023 0	INSURANCE	Expenditure	Yes	Yes
1	6 0	024 0	INSURANCE - HOUSING	Expenditure	Yes	Yes
1	6 0	024 5	INTEGRATED DEVELOPMENT PLAN	Expenditure	Yes	Yes
1	6 0	025 0	INTEREST ON CONSUMER DEPOSITS	Expenditure	Yes	Yes
1	6 0	025 4	INVESTIGATION VOIP SYSTEM	Expenditure	Yes	Yes
1	6 0	025 5	INVENTORY	Expenditure	Yes	Yes
1	6 0	025 6	INVESTIGATION - ALTERNATIVE WATER	Expenditure	Yes	Yes
1	6 0	025 7	INVESTIGATION - ALTERNATIVE ELECTRICITY	Expenditure	Yes	Yes
1	6 0	025 8	INVESTIGATION - TRANSPORT MAN. SYSTEM	Expenditure	Yes	Yes
1	6 0	025 9	INVESTIGATION - ENLARGEMENT OF AIRFIELD	Expenditure	Yes	Yes
1	6 0	026 0	LEVY: DEPT. OF WATER AFFAIRS	Expenditure	Yes	Yes
1	6 0	026 5	LICENSE FEES-RADIO (ICASA)	Expenditure	Yes	Yes
1	6 0	027 0	LINEN	Expenditure	Yes	Yes
1	6 0	027 5	LIVESTOCK FEED	Expenditure	Yes	Yes
1	6 0	028 0	MAKING OF GRAVES/NUMBERS	Expenditure	Yes	Yes
1	6 0	028 4	LONG TERM/EMERGENCY ENERGY STRATEGY	Expenditure	Yes	Yes
1	6 0	028 5	MATERIAL AND SUPPLIES	Expenditure	Yes	Yes
1	6 0	028 6	MATERIAL - GEYSER LOAD CONTROL	Expenditure	Yes	Yes
1	6	028	MEDICAL EXAMINATION/ALCAHOL	Expenditure	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
	0	8	REHABILITATI	e		
1	6	028	MEDICAL EXPENSES	Expenditur e	Yes	Yes
1	6	029	MEMBERSHIP FEES	Expenditur e	Yes	Yes
1	6	029	MEMBERSHIP FEES - SALGA	Expenditur e	Yes	Yes
1	6	029	MASTERPLANNING GLS	Expenditur e	Yes	Yes
1	6	029	MASTER PLANNING	Expenditur e	Yes	Yes
1	6	030	MONITORING FEES	Expenditur e	Yes	Yes
1	6	030	MORESTOND & ALB. (OLD SCH.) - TOILETS	Expenditur e	Yes	Yes
1	6	030	MUNICIPAL SURVEY (IDP)	Expenditur e	Yes	Yes
1	6	030	MUSIC ROYALTIES	Expenditur e	Yes	Yes
1	6	030	NEIGHBOURHOOD WATCH	Expenditur e	Yes	Yes
1	6	030	NEWSPAPERS	Expenditur e	Yes	Yes
1	6	031	OCCUPATION SAFETY	Expenditur e	Yes	Yes
1	6	031	PAUPERS FUNERALS	Expenditur e	Yes	Yes
1	6	032	PERMITS (PDP)	Expenditur e	Yes	Yes
1	6	032	PLANNING MULTI-PURPOSE/LIBRARIES	Expenditur e	Yes	Yes
1	6	032	PLANNING CREMATORIUM	Expenditur e	Yes	Yes
1	6	032	PLANNING-LIFE SAVERS BUILDINGS(ALL BEACH	Expenditur e	Yes	Yes
1	6	032	PLANT HIRE	Expenditur e	Yes	Yes
1	6	033	POSTAGE AND TELEPHONE	Expenditur e	Yes	Yes
1	6	033	PRINTING AND STATIONERY	Expenditur e	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
1	6 0	034 0	PROJECT RESEARCH	Expenditure	Yes	Yes
1	6 0	034 5	PROTECTIVE CLOTHING	Expenditure	Yes	Yes
1	6 0	034 6	PROTECTIVE CLOTHING - LIFE SAVERS	Expenditure	Yes	Yes
1	6 0	034 7	PROTECTIVE CLOTHING - OFFICE WEAR	Expenditure	Yes	Yes
1	6 0	034 8	PREP SPORT INFRASTRUCTURE PRIORITIES	Expenditure	Yes	Yes
1	6 0	035 0	PUBLIC ENTERTAINMENT	Expenditure	Yes	Yes
1	6 0	035 1	PUBLIC PARTICIPATION WORKSHOPS & IMBIZOS	Expenditure	Yes	Yes
1	6 0	035 2	RADIO AIRTIME (REPEATER STATION)	Expenditure	Yes	Yes
1	6 0	035 3	REFUSE BAGS	Expenditure	Yes	Yes
1	6 0	035 4	RECYCLING OF REFUSE	Expenditure	Yes	Yes
1	6 0	035 5	REGIONAL ELECTRICITY INVESTIGATION	Expenditure	Yes	Yes
1	6 0	035 6	REFUSE BINS HESSEQUA PUBLIC AREA	Expenditure	Yes	Yes
1	6 0	036 0	RENT PAID	Expenditure	Yes	Yes
1	6 0	036 1	RENT PAID: PHOTO COPIER/FAX MACHINE	Expenditure	Yes	Yes
1	6 0	036 5	RENT PAID - LAND	Expenditure	Yes	Yes
1	6 0	037 0	RENT PAID - SECURITY	Expenditure	Yes	Yes
1	6 0	038 0	REZONING/SUB-DIVISION CHARGES	Expenditure	Yes	Yes
1	6 0	038 5	SAMPLE TESTING	Expenditure	Yes	Yes
1	6 0	038 7	SB NATURE AREAS	Expenditure	Yes	Yes
1	6 0	038 8	SHARED SERVICES-FIRE BRIGADE-EDM	Expenditure	Yes	Yes
1	6	039	SKILLS DEVELOPMENT	Expenditure	Yes	Yes



Item			Description	Comments	Virement From	Virement To
	0	0		e		
1	6	039	SOFTWARE LICENSE	Expenditure	Yes	Yes
1	6	039	SPORT DEVELOPMENT	Expenditure	Yes	Yes
1	6	040	STUDY LOANS	Expenditure	Yes	Yes
1	6	040	SURVEY COSTS	Expenditure	Yes	Yes
1	6	040	SERVICES PAID (INCL. RENTAL AGREEMENTS)	Expenditure	Yes	Yes
1	6	040	STERILIZATION & ENTHENASIA-STRAY ANIMALS	Expenditure	Yes	Yes
1	6	041	TOILETRIES	Expenditure	Yes	Yes
1	6	041	TOWN PLANNING	Expenditure	Yes	Yes
1	6	042	TRAINING COSTS	Expenditure	Yes	Yes
1	6	042	TRAINING:MIN.COMPETENCY LEVELS	Expenditure	Yes	Yes
1	6	042	TRAVELLING:YOUTH COMMITTEE	Expenditure	Yes	Yes
1	6	043	TRAVELLING AND SUBSISTENCE	Expenditure	Yes	Yes
1	6	043	TRAVELLING AND SUBS. CDW'S	Expenditure	Yes	Yes
1	6	043	TREES	Expenditure	Yes	Yes
1	6	044	TV RENTAL	Expenditure	Yes	Yes
1	6	044	TV LICENCE FEES	Expenditure	Yes	Yes
1	6	044	UNFORSEEN EXPENSES	Expenditure	Yes	Yes
1	6	045	VALUATION FEES	Expenditure	Yes	Yes
1	6	045	VEHICLE COSTS: FUEL	Expenditure	Yes	Yes
1	6	046	VEHICLE COSTS: INSURANCE	Expenditure	Yes	Yes

---

Item			Description	Comments	Virement From	Virement To
1	6 0	046 5	VEHICLE COSTS: LICENSES	Expenditure	Yes	Yes
1	6 0	046 7	VEHICLE COSTS: MONITORING FEES	Expenditure	Yes	Yes
1	6 0	047 0	VEHICLE COSTS: OIL	Expenditure	Yes	Yes
1	6 0	047 1	VEHICLE MONITORING SYSTEM: INSTALLATION	Expenditure	Yes	Yes
1	6 0	047 5	WEED-KILLER	Expenditure	Yes	Yes
1	6 0	048 0	RELOCATION COSTS	Expenditure	Yes	Yes
1	6 0	048 5	CONT: DIEPKLOOF	Expenditure	Yes	Yes
			<b>OPERATING GRANTS</b>			
1	6 5	000 1	ALBERTINIA - 400 LOW COST HOUSES	Expenditure	No	Yes
1	6 5	000 5	EQUITABLE SHARE	Expenditure	No	No
1	6 5	000 7	EXTENDING STAFF LEVELS	Expenditure	No	Yes
1	6 5	001 0	FINANCIAL MANAGEMENT GRANT	Expenditure	No	No
1	6 5	001 5	HEALTH CENTRE	Expenditure	No	Yes
1	6 5	001 8	PROVINCE: WATER SERVICE DEL. PLAN	Expenditure	No	Yes
1	6 5	002 0	PROJECT PREPARATION	Expenditure	No	Yes
1	6 5	002 5	SPATIAL DEVELOPMENT	Expenditure	No	Yes
1	6 5	003 0	SETA TRAINING PROGRAMME	Expenditure	No	Yes
1	6 5	003 5	BULK WATER INVESTIGATION - EDEN	Expenditure	No	Yes
1	6 5	004 0	VERMAAKLIKHEID LAND REFORM - EDEN	Expenditure	No	Yes
1	6 5	004 5	HQ: CLEANSING WATER SYSTEMS - INS	Expenditure	No	Yes
1	6	005	RD: REPAIR S/WATER CANAL RAILWAY -	Expenditure	No	Yes

Item			Description	Comments	Virement From	Virement To
	5	0	INS	e		
1	6 5	005 5	RD: MAIN STORMWATER CANAL - INS	Expenditure	No	Yes
1	6 5	006 0	SB: M/HOUTFONTEIN LAND REFORM - PROV	Expenditure	No	Yes
1	6 5	007 0	MUNICIPAL SUPPORT PROGRAMME - PROV	Expenditure	No	Yes
1	6 5	007 5	PERFORMANCE MANGEMENT SYSTEM - PROV	Expenditure	No	Yes
1	6 5	008 0	CAPACITY BUILDING - EDEN	Expenditure	No	Yes
1	6 5	008 5	RD:REPLACE WATER PIPELINE - INS	Expenditure	No	Yes
1	6 5	009 0	RD: MELROSE PLACE TOILETS	Expenditure	No	Yes
1	6 5	010 0	ALB: UPGRADING SPORT FACILITIES	Expenditure	No	Yes
1	6 5	010 5	RD: DENNEDAL GARCIA SERVICES	Expenditure	No	Yes
1	6 5	011 0	HESSEQUA TOURISM	Expenditure	No	Yes
1	6 5	011 5	PLANT PROJECT - CAPE NATURE	Expenditure	No	Yes
1	6 5	012 0	DEPT. HOUSING: KWANOKUTHULA & PANORAMA	Expenditure	No	Yes
1	6 5	012 5	DEPT. HOUSING: ALBERTINIA/GOURITS	Expenditure	No	Yes
1	6 5	013 0	SYSTEMS IMPROVEMENT GRANT	Expenditure	No	Yes
1	6 5	013 5	IMPLEMENTATION OF PROPERTY RATES ACT	Expenditure	No	Yes
1	6 5	013 6	SYSTEMS IMPROVEMENT GRANT-ASSET REGISTER	Expenditure	No	Yes
1	6 5	013 7	SYSTEMS IMPROVEMENT GRANT-WARD COMMITTEE	Expenditure	No	Yes
1	6 5	014 5	WATER & SANITATION SERVICE LEVEL POLICY	Expenditure	No	Yes
1	6 5	015 0	WATER SOURCE STUDY - URBAN & RURAL WATER	Expenditure	No	Yes
1	6 5	015 5	WATER CONS.: WATER DEMAND MAN. PLAN	Expenditure	No	Yes

Item			Description	Comments	Virement From	Virement To
1	6 5	016 0	HOUSING CONSUMER EDUCATION	Expenditure	No	Yes
1	6 5	016 5	ELECTRICAL MASTER PLANNING	Expenditure	No	Yes
1	6 5	017 0	GOURITSMOND - 60 LOW COST HOUSES	Expenditure	No	Yes
1	6 5	017 5	MELKHOUTFONTEIN-LOW COST HOUSES	Expenditure	No	Yes
1	6 5	018 0	INVESTIGATION:RE-USE OF WASTE WATER	Expenditure	No	Yes
1	6 5	018 5	H/BERG - LOW COST HOUSING	Expenditure	No	Yes
1	6 5	019 0	UMSOBUMVU YOUTH FUND (YAC)	Expenditure	No	Yes
1	6 5	019 5	SLANGRIVIER LAND REFORM	Expenditure	No	Yes
1	6 5	020 0	PUBLIC PARTICIPATION STRATEGY (EDM)	Expenditure	No	Yes
1	6 5	020 5	SLANGRIVIER LOW COST HOUSING	Expenditure	No	Yes
1	6 5	021 0	KWANOKUTULA -ERF 6701 & 6702	Expenditure	No	Yes
1	6 5	021 5	DME-ELEC DEMAND SIDE MANAGEMENT (DME)	Expenditure	No	Yes
1	6 5	022 0	ESKOM-INTEG NATIONAL ELECTRIFICATION GR	Expenditure	No	Yes
1	6 5	022 5	PERFORMANCE MANAGEMENT GRANT	Expenditure	No	Yes
1	6 5	023 0	TOURISM - EDEN DISTRICT MU. GRANT	Expenditure	No	Yes
1	6 5	023 5	EDEN DISTRICT MUN. WINDKRAG ONDERSOEK	Expenditure	No	Yes
1	6 5	024 0	PROV.UNSPENT GRANT- TRELLIDOR MPC	Expenditure	No	Yes
1	6 5	024 5	HSG FUND:REPAIR HOUSE 170 VETTERIVIERRYL	Expenditure	No	Yes
1	6 5	025 0	MASTER PLANNING (PGWC)	Expenditure	No	Yes
1	6 5	025 5	CDW SUPPORT GRANT	Expenditure	No	Yes
1	6	026	ALTERNATIVE WATER SOURCES (MIG	Expenditure	No	Yes

Item			Description	Comments	Virement From	Virement To
	5	0	FUNDS)	e		
1	6	026	INTEGRAT.NAT.ELECTRIFICATION	Expenditur		
	5	5	PROGRAM DME	e	No	Yes
1	6	027	LOW COST HOUSING-	Expenditur		
	5	0	RIVERSDAL(KWAN.+ INVUL)	e	No	Yes
			<b>LOSS ON SALE OF PPE</b>			
1	7	000		Expenditur		
	0	5	LOSS ON SALE OF ASSETS	e	Yes	Yes
			<b>CONTRIBUTIONS TO PROVISIONS</b>			
1	7	000		Expenditur		
	5	5	AUDIT FEES	e	No	No
1	7	000		Expenditur		
	5	8	BAD DEBTS	e	No	No
1	7	001		Expenditur		
	5	0	JOB EVALUATION	e	No	No
1	7	001		Expenditur		
	5	5	LEAVE	e	No	No
1	7	002		Expenditur		
	5	0	LONG-SERVICE BONUSES	e	No	No
1	7	002		Expenditur		
	5	5	PERFORMANCE BONUS	e	No	No
1	7	003		Expenditur		
	5	0	WORKING CAPITAL	e	No	No
			<b>CONTRIBUTIONS (FROM) PROVISIONS</b>			
1	8	000		Expenditur		
	0	5	AUDIT FEES	e	No	No
1	8	000		Expenditur		
	0	8	BAD DEBTS	e	No	No
1	8	001		Expenditur		
	0	0	JOB EVALUATION	e	No	No
1	8	001		Expenditur		
	0	5	LEAVE	e	No	No
1	8	002		Expenditur		
	0	0	LONG-SERVICE BONUSES	e	No	No
1	8	002		Expenditur		
	0	5	PERFORMANCE BONUS	e	No	No

---

---